

# 7IM OPPORTUNITY FUNDS

Annual Report and Financial Statements  
for the year ended 31 May 2020

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7IM Real Return Fund  
7IM Select Moderately Cautious Fund  
7IM Select Balanced Fund  
7IM Select Moderately Adventurous Fund  
7IM Select Adventurous Fund

# 7IM OPPORTUNITY FUNDS

## DIRECTORY

### Authorised Corporate Director ('ACD')

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

#### *Address for correspondence:*

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

### Executive Committee of the ACD

P. Bungey (resigned 30 July 2019)  
K. Hughes  
V. Kenny  
A. Montgomery (resigned 30 July 2019)  
L. Paradine  
C. Phillips (appointed on 5 August 2019)  
D. Proctor

S. Sanderson (resigned 1 January 2020)  
C. Sparrow (resigned 14 October 2019)  
M. Surguy  
W. Thornton-Reid (appointed on 1 February 2020)  
J. Urquhart Stewart (resigned 21 January 2020)  
D. Walker (appointed 14 October 2019)

### Depositary

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

### Registrar & Administrator

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

### Independent Auditor

KPMG LLP  
15 Canada Square  
London E14 5GL

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## 7IM OPPORTUNITY FUNDS

### AUTHORISED STATUS

7IM Opportunity Funds ('the Company') is an umbrella investment company with variable capital incorporated in England and Wales under registered number IC000929 and authorised by the Financial Conduct Authority with effect from 29 December 2011. The Company has an unlimited duration.

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

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

### NEW SUB-FUNDS LAUNCHED

Four new Sub-funds: 7IM Select Moderately Cautious Fund, 7IM Select Balanced Fund, 7IM Select Moderately Adventurous Fund and 7IM Adventurous Fund were launched on 12 July 2019.

### REMUNERATION DISCLOSURES

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 eleven staff members whose actions are considered to have a material impact on the risk profile of the fund. The table below provides an alternative analysis of the remuneration data.

Aggregate remuneration of:

Senior management	£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.

## 7IM OPPORTUNITY 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 Opportunity Funds  
9 September 2020

## 7IM OPPORTUNITY 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 outbreak within the UK. The ACD has robust and resilient business continuity plans in place, including for a pandemic threat, to ensure that all its critical functions remain fully operational. All ACD staff are working remotely, and are able to fulfil their roles as normal. The ACD has robust processes and infrastructure in place to ensure that staff are able to work from home effectively. Should individual staff members be unable to work due to sickness, the ACD has sufficient staff cover to ensure that all tasks continue to be performed. The Investment Management and Investment Risk teams are continuously monitoring the performance of the sub-funds. Furthermore, our Investment Management and Dealing teams are equipped with all the necessary systems to ensure they can continue to run and manage portfolios remotely. This infrastructure has been stress tested to ensure that respective teams can function effectively from home.

## 7IM OPPORTUNITY FUNDS

### **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE 7IM OPPORTUNITY FUNDS ("THE COMPANY") FOR THE PERIOD ENDED 31 MAY 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  
9 September 2020

## 7IM OPPORTUNITY FUNDS

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

#### Opinion

We have audited the financial statements of the Company for the period ended 31 May 2020, which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on pages 1 and 2 and the accounting policies set out on pages 9 to 13.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 31 May 2020 and of the net revenue/deficit of revenue and the net capital losses on the property of each of the sub-funds for the period then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

#### Basis for opinion

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

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

#### Going concern

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

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

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

#### Other information

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

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

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

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

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

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

## 7IM OPPORTUNITY FUNDS

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

#### **Authorised Corporate Director Seven Investment Management LLP’s responsibilities**

As explained more fully in their statement set out on page 5 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

#### **Auditor’s responsibilities**

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

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

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

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



Paul McKechnie

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

E14 5GL

United Kingdom

10 September 2020

# 7IM OPPORTUNITY FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

### 1. Statement of Compliance

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

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

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

The Company has adopted FRS 102 and the 2014 SORP. The principal accounting policies which have been applied consistently 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 are recognised when the securities are quoted ex-dividend.

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

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

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

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 the capital and revenue distribution policies 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 sub-fund.

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

#### (e) Treatment of expenses

For 7IM Real Return Fund, the ACD will bear the cost of all Fund expenses except for Portfolio Transactions (including Stamp Duty Reserve Tax and brokers' commissions) which will still be charged to the Sub-fund in accordance with the Prospectus.

Any Expenses charged to the sub-funds are charged against revenue for UK Corporation tax purposes on an accruals basis.

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

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

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

## 7IM OPPORTUNITY FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

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

##### (g) Taxation

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

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

##### (h) Distribution policy

For the purpose of calculating the distribution, the ACD's periodic charge is deducted from revenue for the sub-funds within this ICVC. All other expenses within each of the sub-funds are charged against revenue with the exception of costs associated with the purchase and sale of investments and stamp duty reserve tax.

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 period 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.

##### (i) Basis of valuation of investments

All investments are valued at their fair value as at 12.00pm UK time of 29 May 2020, being the last business day of the financial period.

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

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

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

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

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

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

## 7IM OPPORTUNITY FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

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

(j) *Exchange rates*

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at 12.00pm UK time of 29 May 2020, being the last business day of the financial period.

(k) *Dilution levy*

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

(l) *Stock lending*

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

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

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

#### 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 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 sub-fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the sub-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 a counterparty's credit quality.

Certain transactions in securities that the sub-funds enters 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.

## 7IM OPPORTUNITY FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

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

##### (a) Credit risk (continued)

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-fund 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.

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

##### (b) Liquidity risk

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

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

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

##### (c) Market risk

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

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

##### (d) Interest rate risk

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

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

Investment in collective investment schemes exposes the sub-funds 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 the 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.

## 7IM OPPORTUNITY FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

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

(f) *Other price risk*

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

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

(g) *Derivatives*

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

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

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

# 7IM REAL RETURN FUND

## ACD'S REPORT

for the year ended 31 May 2020

### Investment Objective and Policy

The investment objective of the Sub-fund is to seek growth in real terms over the medium to longer term. The Sub-fund will aim to provide a total return, net of fees, that exceeds UK inflation (as measured by Consumer Prices Index-All Items) by 2% on average over a rolling three year horizon. Capital invested in the Sub-fund is at risk and there is no guarantee that a positive return will be delivered over any one or a number of rolling three year periods. There may be a moderate risk to capital.

The Sub-fund will have a flexible investment policy, allowing investment in transferable securities, money market instruments, units in collective investment schemes, deposits, cash, near cash, and derivative instruments including forward transactions in accordance with the FCA Rules.

There will be no restrictions on the underlying content of the investments held, in terms of investment type, geographical or economic sector and as a consequence, the ACD has the absolute discretion to weight the portfolio towards any investment type or sector, including cash at any time.

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

### Investment Manager's Report

#### Performance Report

In the reporting period 1 June 2019 to 31 May 2020, the portfolio delivered a total return of -0.64%<sup>1</sup>. Over the same period, the Sub-fund benchmark (CPI+ 2%) was 2.57%<sup>2</sup>.

#### Investment Background

Coronavirus wasn't on the radar last year. Instead, markets were concerned about the tension between the Fed's ability to support growth while the US and China drifted towards a new cold war. Last year saw some positive surprises on that front – the Fed had pivoted towards cutting rates while Donald Trump deferred a further \$300bn of tariffs, and resume negotiations. This gave equity markets a boost, with the US market rising 7% in a month – the best June since 1955.

Investors had to wait until the end of July for the US Federal Reserve to confirm what the market had been pricing for in months – the first rate cut since 2008. On 31st July, Chair Jay Powell announced a cut of 25bps to the Federal Fund Rate. For equity markets, travelling in hope is often better than arriving.

Despite the Fed's pivot, Donald Trump still came out swinging in August. He accused the Federal Reserve of failing to cut interest rates by enough, and followed up by announcing new tariffs on Chinese imports. In September, the US Federal Reserve cut interest rates by another 0.25%, citing concerns over global growth and trade wars. The S&P 500 was knocking on the door of new highs once again. In the first two weeks of September, the US 10 year yield jumped from below 1.5% to around 1.9% – reminding investors that fixed income investing isn't all one-way traffic.

The last quarter of the year was a strange one. At the start of it, investors could not look past a list of worries, whether it was weak data from the US, deteriorating global trade relations or the UK speeding towards a 'no deal' Brexit. The globally orientated FTSE 100 was hit the hardest over this period and had its worst one-day move in three and a half years losing over 3%.

However, within a matter of weeks, many of those concerns drifted away and the stock market juggernaut was back on track. After multiple high level meetings between China and US, the initial details of 'phase one' of the trade deal began to be fleshed out. The main parts of the deal include China buying more agricultural products from the US and the US allowing access to big Chinese tech companies. By the end of the year, that juggernaut was smashing through all concerns. And then, the Coronavirus.

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

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

<sup>1</sup> 7IM Real Return Fund C Acc NAV. Source: NTRS.

<sup>2</sup> Source: Office for National Statistics.

# 7IM REAL RETURN FUND

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

### Investment Manager's Report (continued)

Equities recovered in April and 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%.

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

### Portfolio Review

Financial markets were volatile in the first part of the period. On 31st July, Chairman of the Federal Reserve, Jay Powell announced a cut of 25bps to the Federal Fund Rate. For equity markets, travelling in hope is often better than arriving. With Powell refusing to commit to further cuts in the future, US equities dropped back but the non-directional assets in the Real Return Fund provided a positive return. However, with President Trump making plain his view that Powell should be reducing rates further, financial markets remained jittery. Against that backdrop the portfolio was down as US inflation positions were among the main losers.

October and November saw a notable risk-on move in markets. Against that backdrop, the portfolio also made gains. We took that strength as an opportunity for some profit taking in the portfolio and to move slightly more defensively. Notably the dividends position in directional assets was reduced to zero. Investing in dividends were a way to extract equity like returns for lower downside risk and we used listed European dividend futures contracts to take exposure.

In February, we took profits by trimming a 20% annualised return from the BlueBay Financial Capital investment. Following the crisis which saw the fund price contract sharply, we have since increased above our initial weight, as a function of the value we now see.

March's selloff was unprecedented. Having been defensive in the initial stages of the selloff, some of the positions held were exposed to what increasingly moved from an economic crisis to a financial one. The financial stresses led to downward pressures on some prices with, in our view, no reference to fundamentals. Over the long run we believe firmly that it will be economic fundamentals that drive long run returns.

The main theme overall in the portfolio has been positive contribution from non-duration bearing alternatives offset by a significant negative contribution from inflation linked exposures. We prefer to use a high weighting to hedge fund type strategies that don't rely on duration to be defensive.

We used the period to rebalance the portfolio to create a more defensive profile, whilst maintaining exposure to assets where we believe there is real value. Long run inflation expectations in the US fell to just 1%, expectations of dividends in Europe fell to unprecedented levels even on a 2-3 year view. We hold exposure to both in a meaningful weight. At the same time we increased our allocation to our most defensive alternative strategies. It has been the most active period of management for the strategy in its history.

In March, we sold the LGT Dynamic Protection Fund following exceptional performance during the pandemic and invested the proceeds into trend following strategy, AQR Managed Futures.

We later rebalanced this part of the portfolio to fund a position in BlackRock Global Event driven strategy. This is a merger arbitrage strategy that we believe will deliver strong returns, uncorrelated to other parts of the portfolio.

### Investment Outlook

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

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

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

## 7IM REAL RETURN FUND

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

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

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

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

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

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

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

Seven Investment Management LLP  
Investment Manager  
June 2020

## 7IM REAL RETURN FUND

### FUND INFORMATION

The Comparative Tables on pages 18 to 20 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) 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 REAL RETURN FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Accumulation

	31.05.20 (pence per share)	31.05.19 (pence per share)	31.05.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	150.55	150.84	149.97
Return before operating charges*	0.55	1.08	2.49
Operating charges (calculated on average price)	(1.55)	(1.37)	(1.62)
Return after operating charges*	(1.00)	(0.29)	0.87
Distributions	(1.43)	(0.95)	(1.51)
Retained distributions on accumulation shares	1.43	0.95	1.51
Closing net asset value per share	149.55	150.55	150.84
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.03

### Performance

Return after charges <sup>2</sup>	(0.66)%	(0.19)%	0.58%
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### Other Information

Closing net asset value (£'000)	86,470	66,339	70,437
Closing number of shares	57,819,081	44,065,811	46,697,130
Operating charges <sup>3</sup>	1.02%	0.91%	1.07% <sup>4</sup>
Direct transaction costs	0.00%	0.01%	0.02%

### Prices

Highest share price	157.47	152.20	153.11
Lowest share price	138.83	147.92	149.19

<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 21.

<sup>4</sup> The ACD's periodic charge was reduced on 6 November 2017 from 1.00% to 0.60% in line with the terms of the Prospectus.

# 7IM REAL RETURN FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	31.05.20 (pence per share)	31.05.19 (pence per share)	31.05.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	157.04	156.90	155.18
Return before operating charges*	0.47	1.02	2.58
Operating charges (calculated on average price)	(1.07)	(0.88)	(0.86)
Return after operating charges*	(0.60)	0.14	1.72
Distributions	(1.94)	(1.44)	(2.40)
Retained distributions on accumulation shares	1.94	1.44	2.40
Closing net asset value per share	156.44	157.04	156.90
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(0.38)%	0.09%	1.11%
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#### Other Information

Closing net asset value (£'000)	542	933	1,264
Closing number of shares	346,135	594,237	805,850
Operating charges <sup>3</sup>	0.67%	0.56%	0.55%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	164.60	158.43	159.05
Lowest share price	145.15	154.11	154.50

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 21.

# 7IM REAL RETURN FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	31.05.20 (pence per share)	31.05.19 (pence per share)	31.05.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	126.55	126.70	125.75
Return before operating charges*	0.45	0.87	2.10
Operating charges (calculated on average price)	(1.18)	(1.02)	(1.15)
Return after operating charges*	(0.73)	(0.15)	0.95
Distributions	(1.30)	(0.90)	(1.48)
Retained distributions on accumulation shares	1.30	0.90	1.48
Closing net asset value per share	125.82	126.55	126.70
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	(0.58)%	(0.12)%	0.76%
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#### Other Information

Closing net asset value (£'000)	6,844	2,628	3,544
Closing number of shares	5,439,779	2,076,217	2,797,352
Operating charges <sup>3</sup>	0.92%	0.81%	0.91% <sup>4</sup>
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	132.45	127.87	128.55
Lowest share price	116.78	124.30	125.13

<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 21.

<sup>4</sup> The ACD's periodic charge reduced on 6 November 2017 from 0.75% to 0.50% in line with the terms of the Prospectus.

## 7IM REAL RETURN FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2020

	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	0.60%	0.25%	0.50%
Other expenses	0.00%	0.00%	0.00%
	<hr/>	<hr/>	<hr/>
Collective investment scheme costs	0.60%	0.25%	0.50%
Ongoing Charges Figure	0.42%	0.42%	0.42%
	<hr/>	<hr/>	<hr/>
	1.02%	0.67%	0.92%

As at 31 May 2019

	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	0.60%	0.25%	0.50%
Other expenses	0.00%	0.00%	0.00%
	<hr/>	<hr/>	<hr/>
Collective investment scheme costs	0.60%	0.25%	0.50%
Ongoing Charges Figure	0.31%	0.31%	0.31%
	<hr/>	<hr/>	<hr/>
	0.91%	0.56%	0.81%

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.

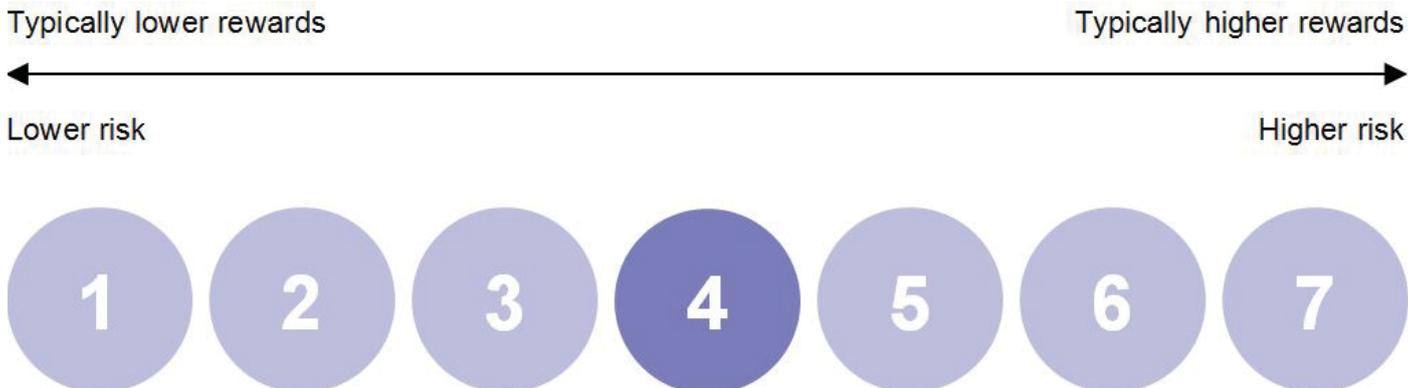
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 REAL RETURN FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2020 was 4.

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

	1 year	3 years	5 years
7IM Real Return Fund <sup>1</sup>	(0.64)	(0.52)	5.67

<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 page 38.

# 7IM REAL RETURN FUND

## PORTFOLIO STATEMENT

as at 31 May 2020

Holding	Portfolio of Investment	Value 31.05.20	
		£	%
	<b>ALTERNATIVES 45.06% (50.86%)</b>		
	<b>Alternative Strategies 34.32% (35.11%)</b>		
73,416	AQR Managed Futures UCITS Fund 'G' <sup>1</sup>	5,789,165	6.17
39,037	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	4,260,149	4.54
3,868,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	4,227,682	4.50
4,810,000	JP Morgan Structured Products 0.00% 2023 <sup>2</sup>	4,000,902	4.26
1,605,574	LF Odey Absolute Return <sup>1</sup>	4,819,900	5.14
5,143	Morgan Stanley Index Linked Certificates 2020 <sup>2</sup>	3,295,126	3.51
1,220	NN (L) Multi Asset Factor Opportunities 'I' <sup>1</sup>	5,817,355	6.20
		<b>32,210,279</b>	<b>34.32</b>
	<b>Commodities 5.14% (8.97%)</b>		
35,499	Source Physical Gold P-ETC <sup>1</sup>	<b>4,823,935</b>	<b>5.14</b>
	<b>Infrastructure 4.45% (5.13%)</b>		
769,139	BBGI	1,250,620	1.33
968,064	HICL Infrastructure	1,688,304	1.80
765,837	International Public Partnerships	1,239,124	1.32
		<b>4,178,048</b>	<b>4.45</b>
	<b>Real Estate 1.15% (1.65%)</b>		
970,158	LXI REIT	<b>1,084,637</b>	<b>1.15</b>
	<b>CASH 11.83% (5.19%)</b>		
11,100,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>11,100,000</b>	<b>11.83</b>
	<b>DEBT SECURITIES 48.39% (45.41%)</b>		
	<b>Convertible Bonds 5.31% (5.31%)</b>		
37,705	NN (L) Global Convertible Opportunities "I" USD Acc <sup>1</sup>	<b>4,981,086</b>	<b>5.31</b>
	<b>Emerging Market Bonds 5.73% (5.32%)</b>		
49,466	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	<b>5,382,907</b>	<b>5.73</b>
	<b>Gilts 0.00% (0.43%)</b>		
	<b>Global Corporate Bonds 15.29% (9.58%)</b>		
5,191	Alpha UCITS SICAV - Fair Oaks Dynamic Credit <sup>1</sup>	4,345,950	4.63
66,187	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	5,263,598	5.61
50,763	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	4,738,562	5.05
		<b>14,348,110</b>	<b>15.29</b>
	<b>Global Government Bonds -0.02% (-0.14%)</b>		
(55)	Ultra Long Term US Treasury Bond Futures September 2020 <sup>3</sup>	<b>(20,920)</b>	<b>(0.02)</b>
	<b>Global High Yield Bonds 7.75% (7.67%)</b>		
64,852	BlueBay Financial Capital Bond <sup>1</sup>	6,893,095	7.34

# 7IM REAL RETURN FUND

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

		Value	31.05.20
		£	%
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>Global High Yield Bonds (continued)</b>		
1,381,451	Fair Oaks Income 2017	381,121	0.41
		<b>7,274,216</b>	<b>7.75</b>
	<b>Global Inflation Linked Bonds 7.95% (5.22%)</b>		
US\$6,911,200	US Treasury IL Bonds 0.875% 2047	<b>7,458,514</b>	<b>7.95</b>
	<b>Short Term Sterling Bonds 0.00% (5.79%)</b>		
	<b>Sterling Corporate Bonds 6.38% (6.23%)</b>		
5,644,548	MI TwentyFour - Monument Bond Fund <sup>1</sup>	5,602,377	5.97
819,954	UK Mortgages	390,298	0.41
		<b>5,992,675</b>	<b>6.38</b>
	<b>EQUITY -0.30% (-0.16%)</b>		
	<b>Europe (ex UK) -0.30% (-0.16%)</b>		
469	Euro Stoxx 50 Equity Index Futures December 2022 <sup>3</sup>	(991,844)	(1.05)
446	Euro Stoxx 50 Equity Index Futures December 2023 <sup>3</sup>	706,910	0.75
		<b>(284,934)</b>	<b>(0.30)</b>
	<b>FORWARD CURRENCY CONTRACTS -3.11% (-1.49%)</b>		
€(350,000)	Vs £293,379 Expiry 16.10.2020	(23,547)	(0.03)
US\$(1,950,000)	Vs £1,503,743 Expiry 17.07.2020	(78,240)	(0.08)
US\$(2,600,000)	Vs £2,004,812 Expiry 17.07.2020	(104,499)	(0.11)
US\$(3,800,000)	Vs £2,944,568 Expiry 17.07.2020	(138,271)	(0.15)
US\$(4,550,000)	Vs £3,483,880 Expiry 17.07.2020	(207,414)	(0.22)
US\$(57,162,000)	Vs £43,690,478 Expiry 17.07.2020	(2,683,532)	(2.86)
¥519,500,000	Vs £(3,645,578) Expiry 19.06.2020	286,793	0.31
¥130,000,000	Vs £(966,105) Expiry 19.06.2020	17,934	0.02
US\$2,700,000	Vs £(2,077,267) Expiry 17.07.2020	113,171	0.12
US\$2,500,000	Vs £(1,998,369) Expiry 17.07.2020	29,814	0.03
US\$1,750,000	Vs £(1,445,684) Expiry 17.07.2020	(25,955)	(0.03)
US\$3,600,000	Vs £(3,026,227) Expiry 17.07.2020	(105,643)	(0.11)
		<b>(2,919,389)</b>	<b>(3.11)</b>
	<b>Portfolio of investment</b>	<b>95,609,164</b>	<b>101.87</b>
	Net other liabilities	(1,753,555)	(1.87)
	<b>Net assets</b>	<b>93,855,609</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 31 May 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

## 7IM REAL RETURN FUND

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

	<b>31.05.20</b>	<b>31.05.19</b>
<b>Credit Quality</b>	<b>%</b>	<b>%</b>
Investment grade debt securities	7.95	11.44
Non-rated debt securities	8.76	13.14
Other investments	85.16	75.23
Net other (liabilities)/assets	(1.87)	0.19
	<hr/> <b>100.00</b>	<hr/> <b>100.00</b>

## 7IM REAL RETURN FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2020

	Notes	£	31.05.20 £	£	31.05.19 £
Income					
Net capital losses	4		(2,051,763)		(663,978)
Revenue	5	1,327,126		990,383	
Expenses	6	(469,074)		(438,481)	
Interest payable and similar charges	8	(11,373)		(20,378)	
Net revenue before taxation for the year		846,679		531,524	
Taxation	7	(128,399)		(58,458)	
Net revenue after taxation for the year			718,280		473,066
<b>Total return before distributions</b>			(1,333,483)		(190,912)
Distributions	8		(719,139)		(475,945)
<b>Change in net assets attributable to shareholders from investment activities</b>			(2,052,622)		(666,857)

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

for the year ended 31 May 2020

	£	31.05.20 £	£	31.05.19 £
<b>Opening net assets attributable to shareholders</b>		69,900,334		75,245,834
Amounts received on creation of shares <sup>1</sup>	59,736,673		28,905,940	
Amounts paid on cancellation of shares <sup>1</sup>	(34,479,821)		(34,058,079)	
		25,256,852		(5,152,139)
Dilution levy		4,213		–
Change in net assets attributable to shareholders from investment activities		(2,052,622)		(666,857)
Retained distribution on accumulation shares		746,832		473,496
<b>Closing net assets attributable to shareholders</b>		93,855,609		69,900,334

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

The notes on pages 28 to 37 are an integral part of these Financial Statements.

# 7IM REAL RETURN FUND

## BALANCE SHEET

as at 31 May 2020

	Notes	31.05.20 £	31.05.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments		99,989,029	71,281,839
Current assets:			
Debtors	9	331,287	396,036
Cash and bank balances	10	373,079	337,969
<b>Total assets</b>		<b>100,693,395</b>	<b>72,015,844</b>
<b>LIABILITIES</b>			
Investment liabilities		(4,379,865)	(1,516,577)
Creditors:			
Bank overdrafts	10	(122,494)	(126,257)
Other creditors	11	(2,335,427)	(472,676)
<b>Total liabilities</b>		<b>(6,837,786)</b>	<b>(2,115,510)</b>
<b>Net assets attributable to shareholders</b>		<b>93,855,609</b>	<b>69,900,334</b>

The notes on pages 28 to 37 are an integral part of these financial statements.

# 7IM REAL RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 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 9.

### 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 9 to 11.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 11 to 13.

### 4 Net capital losses

	31.05.20	31.05.19
	£	£
The net capital losses during the year comprise:		
Non-derivative securities	2,912,161	2,664,619
Derivative contracts	(2,839,903)	(253,711)
Forward currency contracts	(1,494,024)	(2,936,157)
Currency losses	(634,268)	(153,396)
AMC rebates from underlying investments	4,271	14,667
Net capital losses	<u>(2,051,763)</u>	<u>(663,978)</u>

### 5 Revenue

	31.05.20	31.05.19
	£	£
Non-taxable dividends	222,468	185,960
Taxable dividends	972,534	661,516
Unfranked interest	126,470	116,586
AMC rebates from underlying investments	3,573	6,731
Bank interest	717	15,412
Stock lending revenue <sup>1</sup>	1,364	4,178
Total revenue	<u>1,327,126</u>	<u>990,383</u>

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

### 6 Expenses

	31.05.20	31.05.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	469,074	438,481
	<u>469,074</u>	<u>438,481</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Other Expenses:	-	-
Total expenses	<u>469,074</u>	<u>438,481</u>

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2020

#### 7 Taxation

	31.05.20 £	31.05.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	128,173	58,458
Overseas tax	226	–
	<hr/>	<hr/>
Current tax charge (note 7b)	128,399	58,458
	<hr/>	<hr/>
Total taxation	128,399	58,458

#### *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	846,679	531,524
	<hr/>	<hr/>
Corporation tax at 20%	169,336	106,305
Effects of:		
AMC rebates taken to capital	854	2,933
Indexed gilt edged securities adjustment	–	(12,027)
Movement in revenue accruals	2,476	(1,561)
Non-taxable dividends	(44,493)	(37,192)
Overseas tax	226	–
	<hr/>	<hr/>
Current tax charge (note 7a)	128,399	58,458

#### *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:

	31.05.20 £	31.05.19 £
Interim	665,620	335,700
Final	81,212	137,796
	<hr/>	<hr/>
	746,832	473,496
Add: Revenue deducted on cancellation of shares	64,037	34,246
Deduct: Revenue received on issue of shares	(91,730)	(31,797)
	<hr/>	<hr/>
Net distributions for the year	719,139	475,945
Interest payable and similar charges	11,373	20,378
	<hr/>	<hr/>
Total distribution	730,512	496,323

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on page 38.

Distributions represented by:

Net revenue after taxation	718,280	473,066
Allocations to capital:		
Expenses, net of tax relief	854	2,933
Equalisation on conversions <sup>1</sup>	–	(23)
Net movement in revenue account	5	(31)
Net distributions for the year	<u>719,139</u>	<u>475,945</u>

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

#### 9 Debtors

	<b>31.05.20</b>	<b>31.05.19</b>
	£	£
Amounts receivable for issue of shares	232,522	295,547
Accrued revenue	80,874	78,015
AMC rebates from underlying investments	17,891	22,165
Withholding tax recoverable	–	309
Total debtors	<u>331,287</u>	<u>396,036</u>

#### 10 Cash and bank balances

	<b>31.05.20</b>	<b>31.05.19</b>
	£	£
Cash and bank balances	137,139	202,806
Cash held at clearing houses	235,940	135,163
Total cash and bank balances	<u>373,079</u>	<u>337,969</u>
Bank overdrafts	(121,340)	(125,469)
Cash overdraft at clearing houses	(1,154)	(788)
Total bank overdrafts	<u>(122,494)</u>	<u>(126,257)</u>

#### 11 Other Creditors

	<b>31.05.20</b>	<b>31.05.19</b>
	£	£
Amounts payable for cancellation of shares	2,198,003	401,619
Purchases awaiting settlement	37,957	–
Accrued expenses	47,294	35,599
Corporation tax payable	52,173	35,458
Total other creditors	<u>2,335,427</u>	<u>472,676</u>

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 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 26.

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

Pershing Nominees Limited 40.73% (2019: 51.78%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £1,515,110 (2019: £628,007).

Where the Sub-fund invests in 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 three share classes: 'C', 'D' and 'S'. The annual management charge on each class are as follows:

Class C	0.60%
Class D	0.25%
Class S	0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Accumulation	44,065,811	35,674,468	(21,921,198)	–	57,819,081
Class D Accumulation	594,237	16,384	(264,486)	–	346,135
Class S Accumulation	2,076,217	4,232,190	(868,628)	–	5,439,779

#### 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 11 to 13. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	1,462	–	706,910	708,372
Japanese yen	–	–	4,916,410	4,916,410
Swiss franc	16,268	–	–	16,268
US dollar	52,967	15,687,098	49,031,788	64,771,853
Pound sterling	11,402,381	–	85,826,602	97,228,983
	<b>11,473,078</b>	<b>15,687,098</b>	<b>140,481,710</b>	<b>167,641,886</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(1,854)	(1,308,770)	(1,310,624)
Swiss franc	(16,268)	–	(16,268)
US dollar	(37,934)	(56,860,356)	(56,898,290)
Pound sterling	(66,438)	(15,494,657)	(15,561,095)
	<b>(122,494)</b>	<b>(73,663,783)</b>	<b>(73,786,277)</b>

Interest rate exposure as at 31 May 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	–	–	277	277
Euro	531	–	–	531
Japanese yen	–	–	3,798,609	3,798,609
Swiss franc	15,248	–	–	15,248
US dollar	3,216,836	9,673,969	33,567,091	46,457,896
Pound sterling	4,787,013	3,453,335	63,786,080	72,026,428
	<b>8,019,628</b>	<b>13,127,304</b>	<b>101,152,057</b>	<b>122,298,989</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(894)	(422,533)	(423,427)
Swiss franc	(15,248)	–	(15,248)
US dollar	(29,348)	(43,960,964)	(43,990,312)
Pound sterling	(80,767)	(7,888,901)	(7,969,668)
	<b>(126,257)</b>	<b>(52,272,398)</b>	<b>(52,398,655)</b>

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2020

#### 15 Risks Disclosures (continued)

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

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	31.05.20	31.05.19	31.05.20	31.05.19
	%	%	Years	Years
Pound sterling	–	1.08	–	1.56
US dollar	(1.81)	(0.62)	14.49	12.33

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2020, the average effective duration was 0.53 years (31 May 2019: 1.31 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(392)	(601,860)	(602,252)
Japanese yen	–	4,916,410	4,916,410
US dollar	15,034	7,858,529	7,873,563
	14,642	12,173,079	12,187,721
Pound sterling	9,331,803	72,336,085	81,667,888
Net assets	9,346,445	84,509,164	93,855,609

Currency exposure as at 31 May 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	277	–	277
Euro	(363)	(422,533)	(422,896)
Japanese yen	–	3,798,609	3,798,609
US dollar	35,833	2,431,751	2,467,584
	35,747	5,807,827	5,843,574
Pound sterling	3,730,325	60,326,435	64,056,760
Net assets	3,766,072	66,134,262	69,900,334

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 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. VaR will be used by the Sub-fund on a daily basis in accordance with the requirements of the Central Bank pursuant to which VaR of the Sub-fund's portfolio shall not exceed 2.3% of the Net Asset Value of the Sub-fund and the one-tailed confidence interval shall not be less than 99% with a one day holding period. The historical observation period will be not less than 1 year.

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. 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 31 May 2020 was 153%, 323% and 185% respectively (31 May 2019: 175%, 335% and 192% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and structured products. 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>31.05.20</b>	<b>31.05.19</b>
	<b>£</b>	<b>£</b>
<b>Futures Contracts</b>		
Chicago Board of Trade	–	(96,180)
Eurex Deutschland	–	(111,634)
Royal Bank of Scotland	(305,854)	–
<b>Forward Currency Contracts</b>		
Northern Trust	(2,919,389)	(1,040,680)
<b>Total net exposure<sup>1</sup></b>	<u>(3,225,243)</u>	<u>(1,248,494)</u>

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

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2020</b>				
<b>Assets</b>				
Bonds	7,458,514	8,228,584	–	15,687,098
Collective Investment Schemes	73,818,079	–	–	73,818,079
Derivatives	706,910	447,712	–	1,154,622
Equities	6,034,104	3,295,126	–	9,329,230
<b>Total</b>	<b>88,017,607</b>	<b>11,971,422</b>	<b>–</b>	<b>99,989,029</b>
<b>Liabilities</b>				
Derivatives	<b>(1,012,764)</b>	<b>(3,367,101)</b>	<b>–</b>	<b>(4,379,865)</b>
<b>31 May 2019</b>				
<b>Assets</b>				
Bonds	3,646,348	13,531,615	–	17,177,963
Collective Investment Schemes	3,279,794	40,589,135	–	43,868,929
Derivatives	–	268,083	–	268,083
Equities	6,543,278	3,406,299	17,287	9,966,864
<b>Total</b>	<b>13,469,420</b>	<b>57,795,132</b>	<b>17,287</b>	<b>71,281,839</b>
<b>Liabilities</b>				
Derivatives	<b>(207,814)</b>	<b>(1,308,763)</b>	<b>–</b>	<b>(1,516,577)</b>

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 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 28.

Analysis of direct transaction costs for the year ended 31 May 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	16,121	–	–	–	–	–
Collective Investment Schemes	94,461	–	–	–	–	–
Derivatives	1,248	–	–	–	–	–
Equities	1,258	–	1	1	–	0.08
<b>Total</b>	<b>113,088</b>	<b>–</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>0.08</b>
<b>Sales</b>						
Bonds	20,535	–	–	–	–	–
Collective Investment Schemes	66,364	–	–	–	–	–
Derivatives	931	–	–	–	–	–
Equities	767	–	–	–	–	–
<b>Total</b>	<b>88,597</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>		



# 7IM REAL RETURN FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

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

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.3061	–	1.3061	0.6615
Group 2	0.8062	0.4999	1.3061	0.6615

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	1.5884	–	1.5884	0.9091
Group 2	1.1076	0.4808	1.5884	0.9091

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.1495	–	1.1495	0.6064
Group 2	0.6177	0.5318	1.1495	0.6064

### Final - 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 C Accumulation</b>				
Group 1	0.1238	–	0.1238	0.2916
Group 2	0.0716	0.0522	0.1238	0.2916

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class D Accumulation</b>				
Group 1	0.3483	–	0.3483	0.5266
Group 2	0.3155	0.0328	0.3483	0.5266

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.1549	–	0.1549	0.2972
Group 2	0.0743	0.0806	0.1549	0.2972

### 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 SELECT MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the period ended 31 May 2020

### Investment Objective and Policy

The 7IM Select Moderately Cautious Fund (the 'Sub-fund') aims to provide a return made up of income with some capital growth over the medium to longer term (5 years or more).

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 also other transferable securities such as government and corporate bonds and structured products.

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

The Sub-fund's underlying investments will be more focused on income generating assets including government and corporate bonds but there will also 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, 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 12 July 2019 to 31 May 2020<sup>1</sup>, the portfolio delivered a total return of -1.64%<sup>2</sup>.

#### Investment Background

Coronavirus wasn't on the radar last year. Instead, markets were concerned about the tension between the Fed's ability to support growth while the US and China drifted towards a new cold war. Last year saw some positive surprises on that front – the Fed had pivoted towards cutting rates while Donald Trump deferred a further \$300bn of tariffs, and resume negotiations. This gave equity markets a boost, with the US market rising 7% in a month – the best June since 1955.

Investors had to wait until the end of July for the US Federal Reserve to confirm what the market had been pricing for in months – the first rate cut since 2008. On 31 July, Chair Jay Powell announced a cut of 25bps to the Federal Fund Rate. For equity markets, travelling in hope is often better than arriving.

Despite the Fed's pivot, Donald Trump still came out swinging in August. He accused the Federal Reserve of failing to cut interest rates by enough, and followed up by announcing new tariffs on Chinese imports. In September, the US Federal Reserve cut interest rates by another 0.25%, citing concerns over global growth and trade wars. The S&P 500 was knocking on the door of new highs once again. In the first two weeks of September, the US 10 year yield jumped from below 1.5% to around 1.9% – reminding investors that fixed income investing isn't all one-way traffic.

The last quarter of the year was a strange one. At the start of it, investors could not look past a list of worries, whether it was weak data from the US, deteriorating global trade relations or the UK speeding towards a 'no deal' Brexit. The globally orientated FTSE 100 was hit the hardest over this period and had its worst one-day move in three and a half years losing over 3%.

However, within a matter of weeks, many of those concerns drifted away and the stock market juggernaut was back on track. After multiple high level meetings between China and US, the initial details of 'phase one' of the trade deal began to be fleshed out. The main parts of the deal include China buying more agricultural products from the US and the US allowing access to big Chinese tech companies. By the end of the year, that juggernaut was smashing through all concerns. And then, the Coronavirus.

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

It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down. However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987.

## 7IM SELECT MODERATELY CAUTIOUS FUND

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

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

Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year. Equities recovered in April and 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%.

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

### **Portfolio Review**

The Sub-fund was launched on 12th July 2019 and was fully invested on day one. The majority of transactions at outset were investing additional subscriptions but there were some portfolio changes.

A proportion of the Sub-fund's US equity exposure was invested into Healthcare. The long term structural case for Healthcare is well founded with spending increasing as people get richer and older.

We sold the 7IM UK Equity Value Fund and reinvested the proceeds into Majedie UK Focus.

The holding in F&C Global Equity Market Neutral was sold following a poor period of performance and the investment manager deciding to frustratingly change the underlying strategy. The proceeds were reinvested into a long/short hedge fund managed James Hanbury at Odey Asset Management.

We believed US inflation to be underpriced so purchased a US inflation protected bond and then hedged out the duration risk using interest rate futures.

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

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

Following a review of the European equity sector, we sold Neptune European Opportunities and replaced it with Lightman European - the only value player in the sector.

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

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

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

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

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> Calculated using 7IM Select Moderately Cautious Fund C Acc shares, published prices. Source: NTRS

## 7IM SELECT MODERATELY CAUTIOUS FUND

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

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

#### **Investment Outlook**

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

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

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

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

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

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

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

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

Seven Investment Management LLP  
Investment Manager  
June 2020

## 7IM SELECT MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 43 to 46 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) 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 SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	2020 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(0.13)
Operating charges (calculated on average price)	(1.46)
Return after operating charges*	(1.59)
Distributions on income shares	(0.55)
Closing net asset value per share	97.86
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(1.59)%
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#### Other Information

Closing net asset value (£'000)	4,153
Closing number of shares	4,244,535
Operating charges <sup>4</sup>	1.47%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.26
Lowest share price	88.21

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 47.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	2020 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(0.15)
Operating charges (calculated on average price)	(1.45)
Return after operating charges*	(1.60)
Distributions	(0.54)
Retained distributions on accumulation shares	0.54
Closing net asset value per share	98.40
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(1.60)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	28,168
Closing number of shares	28,626,226
Operating charges <sup>4</sup>	1.47%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.44
Lowest share price	88.37

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 47.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	2020 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	100.00
Return before operating charges*	0.02
Operating charges (calculated on average price)	(1.21)
Return after operating charges*	(1.19)
Distributions on income shares	(0.76)
Closing net asset value per share	98.05
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(1.19)%
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#### Other Information

Closing net asset value (£'000)	–
Closing number of shares	108
Operating charges <sup>4</sup>	1.22%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.50
Lowest share price	88.39

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 47.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	2020 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(0.18)
Operating charges (calculated on average price)	(1.21)
Return after operating charges*	(1.39)
Distributions	(0.57)
Retained distributions on accumulation shares	0.57
Closing net asset value per share	98.61
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(1.39)%
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#### Other Information

Closing net asset value (£'000)	3,816
Closing number of shares	3,869,676
Operating charges <sup>4</sup>	1.22%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.58
Lowest share price	88.50

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 47.

## 7IM SELECT MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2020<sup>1</sup>

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.27%	0.27%
	<hr/>	<hr/>
	1.02%	0.77%
Collective investment scheme costs	0.45%	0.45%
Ongoing Charges Figure	<hr/>	<hr/>
	1.47%	1.22%

<sup>1</sup> The Sub-fund launched on 12 July 2019.

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.

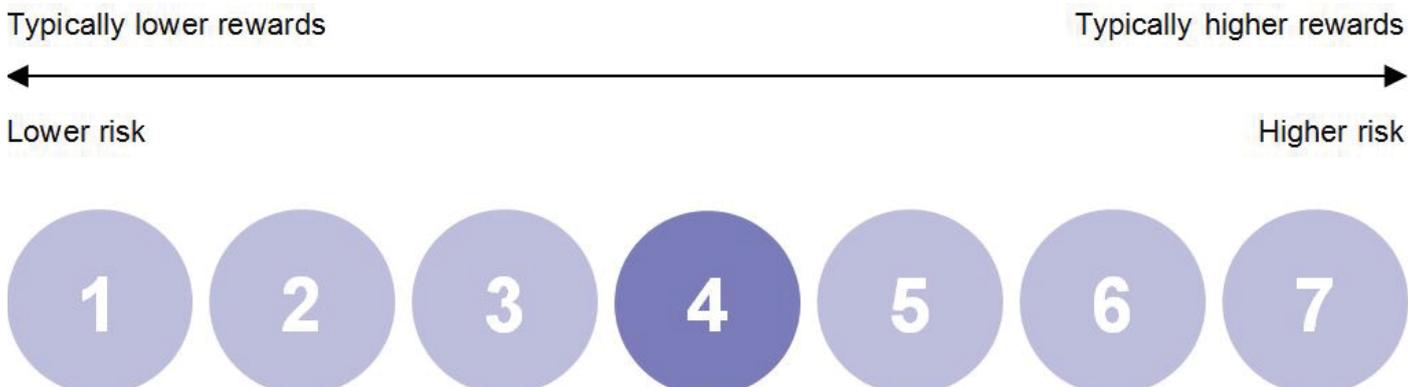
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 3.

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

7IM Select Moderately Cautious Fund<sup>1, 2</sup>

**Since  
Launch**  
(1.64)

<sup>1</sup> Source: Bloomberg

<sup>2</sup> The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the period are shown in the Distribution Tables on pages 63 and 64.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 31 May 2020

Holding	Portfolio of Investment	Value £	31.05.20 %
	<b>ALTERNATIVES 13.70%</b>		
	<b>Alternative Strategies 13.70%</b>		
17,411	AQR - Managed Futures UCITS Fund <sup>1</sup>	1,705,629	4.72
8,046	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	878,046	2.43
1,313,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	1,350,502	3.74
338,839	LF Odey Absolute Return <sup>1</sup>	1,017,189	2.81
		<b>4,951,366</b>	<b>13.70</b>
	<b>CASH 10.41%</b>		
3,766,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>3,766,000</b>	<b>10.41</b>
	<b>DEBT SECURITIES 49.87%</b>		
	<b>Emerging Market Bonds 6.42%</b>		
1,921,421	BNY Mellon Global - BNY Mellon Emerging Markets Debt Total Return <sup>1</sup>	1,795,568	4.97
5,999	UBS Lux Bond SICAV - Asian High Yield USD <sup>1</sup>	525,576	1.45
		<b>2,321,144</b>	<b>6.42</b>
	<b>Global Corporate Bonds 6.24%</b>		
30,200	GemCap Investment Funds Ireland - Semper Total Return Fund <sup>1</sup>	<b>2,256,262</b>	<b>6.24</b>
	<b>Global Government Bonds 14.58%</b>		
7	Ultra Long Term US Treasury Bond Futures September 2020 <sup>3</sup>	6,086	0.02
37,405	Vanguard Investment Series - Global Bond Index Fund <sup>1</sup>	5,259,817	14.56
		<b>5,265,903</b>	<b>14.58</b>
	<b>Global High Yield Bonds 15.78%</b>		
28,057	BlueBay Financial Capital Bond <sup>1</sup>	2,982,198	8.25
2,906,751	Hermes Investment Management - Multi Strategy Credit <sup>1</sup>	2,721,882	7.53
		<b>5,704,080</b>	<b>15.78</b>
	<b>Global Inflation Linked Bonds 6.85%</b>		
90,945	Xtrackers II Global Inflation-Linked Bond UCITS ETF <sup>1</sup>	<b>2,473,703</b>	<b>6.85</b>
	<b>EQUITY 22.96%</b>		
	<b>Asia &amp; Emerging Markets 2.78%</b>		
47,998	Schroder ISF Asian Opportunities <sup>1</sup>	<b>1,006,166</b>	<b>2.78</b>
	<b>Europe (ex UK) 3.13%</b>		
64	Euro Stoxx 50 Equity Index Futures December 2022 <sup>3</sup>	41,715	0.12
63	Euro Stoxx 50 Equity Index Futures December 2023 <sup>3</sup>	86,965	0.23
1,155,844	LF Lightman European Fund I Accumulation <sup>1</sup>	1,003,273	2.78
		<b>1,131,953</b>	<b>3.13</b>
	<b>Japan 3.09%</b>		
112,704	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	<b>1,113,753</b>	<b>3.09</b>

## 7IM SELECT MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 31 May 2020

		Value	31.05.20
Holding	Portfolio of Investment	£	%
	<b>North America 5.07%</b>		
7,792	AB SICAV I - International Health Care Portfolio <sup>1</sup>	888,575	2.46
38,449	iShares Core S&P 500 UCITS ETF USD <sup>1</sup>	944,378	2.61
		<b>1,832,953</b>	<b>5.07</b>
	<b>United Kingdom 8.89%</b>		
1,538,651	Investec Fund Series i - UK Alpha <sup>1</sup>	1,704,672	4.72
810,240	Majedie UK Focus <sup>1</sup>	1,505,183	4.17
		<b>3,209,855</b>	<b>8.89</b>
	<b>FORWARD CURRENCY CONTRACTS -0.13%</b>		
€179,000	Vs £(150,042) Expiry 16.10.2020	12,043	0.03
US\$(500,000)	Vs £402,075 Expiry 17.07.2020	(3,562)	(0.01)
US\$(78,000)	Vs £59,618 Expiry 17.07.2020	(3,662)	(0.01)
US\$(800,000)	Vs £609,098 Expiry 17.07.2020	(39,920)	(0.11)
US\$739,999	Vs £(598,013) Expiry 17.07.2020	2,329	0.01
US\$625,000	Vs £(522,574) Expiry 17.07.2020	(15,528)	(0.04)
		<b>(48,300)</b>	<b>(0.13)</b>
	<b>Portfolio of investment</b>	<b>34,984,838</b>	<b>96.81</b>
	Net other assets	1,152,650	3.19
	<b>Net assets</b>	<b>36,137,488</b>	<b>100.00</b>

There are no comparative figures as the Sub-fund launched on 12 July 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

## 7IM SELECT MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the period ended 31 May 2020

	Notes	£	12.07.19 to 31.05.20 <sup>1</sup> £
Income			
Net capital losses	4		(182,723)
Revenue	5	191,811	
Expenses	6	(197,492)	
Interest payable and similar charges	8	(954)	
Net expense before taxation for the period		(6,635)	
Taxation	7	—	
Net expense after taxation for the period			(6,635)
<b>Total return before distributions</b>			(189,358)
Distributions	8		(122,512)
<b>Change in net assets attributable to shareholders from investment activities</b>			(311,870)

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

for the period ended 31 May 2020

		£	12.07.19 to 31.05.20 <sup>1</sup> £
<b>Opening net assets attributable to shareholders</b>			—
Amounts received on creation of shares <sup>2</sup>		41,725,062	
Amounts paid on cancellation of shares <sup>2</sup>		(5,437,343)	
			36,287,719
Dilution levy			3,434
Change in net assets attributable to shareholders from investment activities			(311,870)
Retained distribution on accumulation shares			158,205
<b>Closing net assets attributable to shareholders</b>			36,137,488

<sup>1</sup> There are no comparative figures shown as the Sub-fund launched on 12 July 2019.

<sup>2</sup> Stated at mid-market price.

The notes on pages 53 to 62 are an integral part of these Financial Statements.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## BALANCE SHEET

as at 31 May 2020

	Notes	31.05.20 <sup>1</sup> £
<b>ASSETS</b>		
Fixed assets:		
Investments		35,047,510
Current assets:		
Debtors	9	1,582,285
Cash and bank balances	10	306,007
<b>Total assets</b>		<u>36,935,802</u>
<b>LIABILITIES</b>		
Investment liabilities		(62,672)
Creditors:		
Bank overdrafts	10	(170,553)
Distribution payable		(15,612)
Other creditors	11	(549,477)
<b>Total liabilities</b>		<u>(798,314)</u>
<b>Net assets attributable to shareholders</b>		<u>36,137,488</u>

<sup>1</sup> There are no comparative figures shown as the Sub-fund launched on 12 July 2019.

The notes on pages 53 to 62 are an integral part of these Financial Statements.

# 7IM SELECT MODERATELY CAUTIOUS

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 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 9.

### 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 9 to 11.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 11 to 13.

### 4 Net capital losses

**12.07.19**  
**to**  
**31.05.20**  
**£**

The net capital losses during the period comprise:

Non-derivative securities	(151,472)
Derivative contracts	32,728
Forward currency contracts	(67,146)
Currency gains	17,248
Transaction charges	(14,277)
AMC rebates from underlying investments	196
Net capital losses	<u>(182,723)</u>

### 5 Revenue

**12.07.19**  
**to**  
**31.05.20**  
**£**

Non-taxable dividends	26,613
Taxable dividends	164,615
Unfranked interest	367
Bank interest	32
Stock lending revenue <sup>1</sup>	184
Total revenue	<u>191,811</u>

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

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 6 Expenses

	12.07.19 to 31.05.20 £
Payable to the ACD, associates of the ACD and agents of either of them:	
ACD's periodic charge	153,163
Other expenses	3,517
	<u>156,680</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	3,869
Safe custody and other bank charges	11,626
	<u>15,495</u>
Other Expenses:	
Audit fee	9,000
Dealing and exchange fees	544
FCA and other Regulatory fees	162
Legal and professional fees	385
Market data fees	1,865
Printing, postage and distribution costs	7,524
Risk analysis fees	5,837
	<u>25,317</u>
Total expenses	<u>197,492</u>

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 7 Taxation

	12.07.19 to 31.05.20 £
<i>a) Analysis of charge for the period</i>	
Current tax charge (note 7b)	—
Total taxation	—
<i>b) Factors affecting current tax charge for the period</i>	
The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised fund (20%) for the reasons explained below.	
Net expense before taxation	(6,635)
Corporation tax at 20%	(1,327)
Effects of:	
AMC rebates taken to capital	39
Non-taxable dividends	(5,322)
Unutilised excess management expenses	6,610
Current tax charge (note 7a)	—
<i>c) Deferred tax</i>	
There is no deferred tax provision in the current period.	

At the period end there is a potential deferred tax asset of £6,610 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:

	12.07.19 to 31.05.20 £
Interim	47,628
Final	134,199
	181,827
Add: Revenue deducted on cancellation of shares	9,715
Deduct: Revenue received on issue of shares	(69,030)
Net distributions for the period	122,512
Interest payable and similar charges	954
Total distribution	123,466

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 63 and 64.

Distributions represented by:

Net expense after taxation	(6,635)
Allocations to capital:	
Expenses, net of tax relief	129,175
Equalisation on conversions <sup>1</sup>	(3)
Net movement in revenue account	(25)
Net distributions for the period	<u>122,512</u>

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

#### 9 Debtors

	<b>31.05.20</b>
	<b>£</b>
Amounts receivable for issue of shares	742,014
Sales awaiting settlement	837,616
Accrued revenue	1,483
AMC rebates from underlying investments	90
Currency deals awaiting settlement	1,082
Total debtors	<u>1,582,285</u>

#### 10 Cash and bank balances

	<b>31.05.20</b>
	<b>£</b>
Cash and bank balances	171,051
Cash held at clearing houses	134,956
Total cash and bank balances	<u>306,007</u>
Bank overdrafts	(170,281)
Cash overdraft at clearing houses	(272)
Total bank overdrafts	<u>(170,553)</u>

#### 11 Other Creditors

	<b>31.05.20</b>
	<b>£</b>
Amounts payable for cancellation of shares	513,810
Accrued expenses	35,667
Total other creditors	<u>549,477</u>

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 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 51.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund

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

Pershing Nominees Limited 100.00%

The net value of creations and cancellations for Pershing Nominees Limited during the period totalled £36,138,486.

Where the Sub-fund invests in 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	0.75%
Class S	0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	–	4,919,247	(768,847)	94,135	4,244,535
Class C Accumulation	–	33,209,548	(4,489,188)	(94,134)	28,626,226
Class S Income	–	319	(211)	–	108
Class S Accumulation	–	4,181,636	(311,960)	–	3,869,676

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date.

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 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 11 to 13. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2020

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	114	–	290,765	290,879
US dollar	134	1,350,502	3,589,594	4,940,230
Pound sterling	4,071,759	–	29,958,826	34,030,585
	4,072,007	1,350,502	33,839,185	39,261,694

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(385)	–	(385)
US dollar	(125)	(1,117,935)	(1,118,060)
Pound sterling	(170,043)	(1,835,718)	(2,005,761)
	(170,553)	(2,953,653)	(3,124,206)

The floating rate financial assets and liabilities include 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 31.05.20 %	Weighted average period for which rate is fixed 31.05.20 Years
US dollar	(5.61)	4

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2020, the average effective duration was 3.60 years.

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(271)	290,765	290,494
US dollar	9	3,822,161	3,822,170
	(262)	4,112,926	4,112,664
Pound sterling	4,918,912	27,105,912	32,024,824
Net assets	4,918,650	31,218,838	36,137,488

##### iii. Derivatives

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

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk (VaR) to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process. VaR will be used by the Sub-fund on a daily basis in accordance with the requirements of the Central Bank pursuant to which VaR of the Sub-fund's portfolio shall not exceed 2.3% of the Net Asset Value of the Sub-fund and the one-tailed confidence interval shall not be less than 99% with a one day holding period. The historical observation period will be not less than 1 year.

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. 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 period ended 31 May 2020 was 104%, 217% and 129% 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:

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

<b>Counterparty</b>	<b>31.05.20</b> <b>£</b>
<b>Futures Contracts</b>	
Royal Bank of Scotland	134,766
<b>Forward Currency Contracts</b>	
Northern Trust	(48,300)
<b>Total net exposure<sup>1</sup></b>	<u>86,466</u>

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

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

31 May 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	–	1,350,502	–	1,350,502
Collective Investment Schemes	33,547,870	–	–	33,547,870
Derivatives	134,766	14,372	–	149,138
<b>Total</b>	<b>33,682,636</b>	<b>1,364,874</b>	<b>–</b>	<b>35,047,510</b>
<b>Liabilities</b>				
Derivatives	–	(62,672)	–	(62,672)

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 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 42.

Analysis of direct transaction costs for the period ended 31 May 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	2,828	–	–	–	–	–
Collective Investment Schemes	54,377	–	–	–	–	–
Derivatives	69	–	–	–	–	–
Equities	4,182	–	–	–	–	–
<b>Total</b>	<b>61,456</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sales</b>						
Bonds	1,897	–	–	–	–	–
Collective Investment Schemes	23,505	–	–	–	–	–
Derivatives	58	–	–	–	–	–
Equities	1,027	–	–	–	–	–
<b>Total</b>	<b>26,487</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>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.05%. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

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

# 7IM SELECT MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

### Interim - in pence per share<sup>1</sup>

Group 1 - Shares purchased prior to 12 July 2019

Group 2 - Shares purchased on or after 12 July 2019 and on or before 30 November 2019

	Net Revenue Equalisation		Paid 31.01.20
<b>Class C Income</b>			
Group 1	0.1773	–	0.1773
Group 2	0.1679	0.0094	0.1773

	Net Revenue Equalisation		Allocated 31.01.20
<b>Class C Accumulation</b>			
Group 1	0.1827	–	0.1827
Group 2	0.0354	0.1473	0.1827

	Net Revenue Equalisation		Paid 31.01.20
<b>Class S Income</b>			
Group 1	0.3101	–	0.3101
Group 2	0.3101	–	0.3101

	Net Revenue Equalisation		Allocated 31.01.20
<b>Class S Accumulation</b>			
Group 1	0.1799	–	0.1799
Group 2	0.0883	0.0916	0.1799

### Final - in pence per share<sup>1</sup>

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
<b>Class C Income</b>			
Group 1	0.3678	–	0.3678
Group 2	0.1103	0.2575	0.3678

	Net Revenue Equalisation		Allocated 31.07.20
<b>Class C Accumulation</b>			
Group 1	0.3615	–	0.3615
Group 2	0.1060	0.2555	0.3615

## 7IM SELECT MODERATELY CAUTIOUS FUND

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

	Net Revenue Equalisation		Paid 31.07.20
<b>Class S Income</b>			
Group 1	0.4532	–	0.4532
Group 2	0.0697	0.3835	0.4532
	Net Revenue Equalisation		Allocated 31.07.20
<b>Class S Accumulation</b>			
Group 1	0.3903	–	0.3903
Group 2	0.3903	–	0.3903

<sup>1</sup> The Sub-fund launched on 12 July 2019.

#### 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 SELECT BALANCED FUND

## ACD'S REPORT

for the period ended 31 May 2020

### Investment Objective and Policy

The 7IM Select Balanced Fund (the 'Sub-fund') aims to provide a balance of income and capital growth over the medium to longer term (5 years or more).

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 also other transferable securities such as government and corporate bonds and structured products.

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

The Sub-fund's underlying investments will comprise a mix of assets with scope for capital growth such as equities and income generating assets including government and corporate bonds.

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, 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 12 July 2019<sup>1</sup> to 31 May 2020, the portfolio delivered a total return of -1.88%<sup>2</sup>.

#### Investment Background

Coronavirus wasn't on the radar last year. Instead, markets were concerned about the tension between the Fed's ability to support growth while the US and China drifted towards a new cold war. Last year saw some positive surprises on that front – the Fed had pivoted towards cutting rates while Donald Trump deferred a further \$300bn of tariffs, and resume negotiations. This gave equity markets a boost, with the US market rising 7% in a month – the best June since 1955.

Investors had to wait until the end of July for the US Federal Reserve to confirm what the market had been pricing for in months – the first rate cut since 2008. On 31st July, Chair Jay Powell announced a cut of 25bps to the Federal Fund Rate. For equity markets, travelling in hope is often better than arriving.

Despite the Fed's pivot, Donald Trump still came out swinging in August. He accused the Federal Reserve of failing to cut interest rates by enough, and followed up by announcing new tariffs on Chinese imports. In September, the US Federal Reserve cut interest rates by another 0.25%, citing concerns over global growth and trade wars. The S&P 500 was knocking on the door of new highs once again. In the first two weeks of September, the US 10 year yield jumped from below 1.5% to around 1.9% – reminding investors that fixed income investing isn't all one-way traffic.

The last quarter of the year was a strange one. At the start of it, investors could not look past a list of worries, whether it was weak data from the US, deteriorating global trade relations or the UK speeding towards a 'no deal' Brexit. The globally orientated FTSE 100 was hit the hardest over this period and had its worst one-day move in three and a half years losing over 3%.

However, within a matter of weeks, many of those concerns drifted away and the stock market juggernaut was back on track. After multiple high level meetings between China and US, the initial details of 'phase one' of the trade deal began to be fleshed out. The main parts of the deal include China buying more agricultural products from the US and the US allowing access to big Chinese tech companies. By the end of the year, that juggernaut was smashing through all concerns. And then, the Coronavirus.

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

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> Calculated using 7IM Select Balanced Fund C Acc shares, published prices. Source: NTRS

## 7IM SELECT BALANCED FUND

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

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

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

Equities recovered in April and 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%.

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

#### Portfolio Review

The Sub-fund was launched on 12th July 2019 and was fully invested on day one. The majority of transactions at outset were investing additional subscriptions but there were some portfolio changes.

A proportion of the Sub-fund's US equity exposure was invested into Healthcare. The long term structural case for Healthcare is well founded with spending increasing as people get richer and older.

We sold the 7IM UK Equity Value Fund and reinvested the proceeds into Majedie UK Focus.

The holding in F&C Global Equity Market Neutral was sold following a poor period of performance and the investment manager deciding to frustratingly change the underlying strategy. The proceeds were reinvested into a long/short hedge fund managed James Hanbury at Odey Asset Management

We believed US inflation to be underpriced so we purchased a US inflation protected bond and then hedged out the duration risk using interest rate futures.

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

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

We reduced exposure to Emerging Market Debt at the start of March and this proved timely. We also reduced Corporate Bonds at the start of March.

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

Following a review of the European equity sector, we sold Neptune European Opportunities and replaced it with Lightman European - the only value player in the sector.

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

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

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

## 7IM SELECT BALANCED FUND

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

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

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

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

### **Investment Outlook**

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

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

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

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

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

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

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

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

Seven Investment Management LLP  
Investment Manager  
June 2020

## 7IM SELECT BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 69 to 72 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) 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 SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	<b>31.05.2020<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	100.00
Return before operating charges*	(0.68)
Operating charges (calculated on average price)	(1.14)
Return after operating charges*	(1.82)
Distributions on income shares	(0.30)
Closing net asset value per share	97.88
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(1.82)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	9,224,473
Closing number of shares	9,424,654
Operating charges <sup>4</sup>	1.31%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.16
Lowest share price	85.05

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 73.

# 7IM SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	<b>31.05.2020<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	100.00
Return before operating charges*	(0.67)
Operating charges (calculated on average price)	(1.14)
Return after operating charges*	(1.81)
Distributions	(0.30)
Retained distributions on accumulation shares	0.30
Closing net asset value per share	98.19
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(1.81)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	111,838,330
Closing number of shares	113,900,721
Operating charges <sup>4</sup>	1.31%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.29
Lowest share price	85.15

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 73.

# 7IM SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	<b>31.05.2020<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	100.00
Return before operating charges*	(0.68)
Operating charges (calculated on average price)	(0.92)
Return after operating charges*	(1.60)
Distributions on income shares	(0.41)
Closing net asset value per share	97.99
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(1.60)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	601,768
Closing number of shares	614,082
Operating charges <sup>4</sup>	1.06%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.27
Lowest share price	85.15

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 73.

# 7IM SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	<b>31.05.2020<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	100.00
Return before operating charges*	(0.68)
Operating charges (calculated on average price)	(0.92)
Return after operating charges*	(1.60)
Distributions	(0.40)
Retained distributions on accumulation shares	0.40
Closing net asset value per share	98.40
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(1.60)%
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#### Other Information

Closing net asset value (£'000)	11,628,484
Closing number of shares	11,817,391
Operating charges <sup>4</sup>	1.06%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.42
Lowest share price	85.28

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 73.

## 7IM SELECT BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2020<sup>1</sup>

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.09%	0.09%
	<hr/>	<hr/>
	0.84%	0.59%
Collective investment scheme costs	0.47%	0.47%
Ongoing Charges Figure	<hr/>	<hr/>
	1.31%	1.06%

<sup>1</sup> The Sub-fund launched on 12 July 2019.

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.

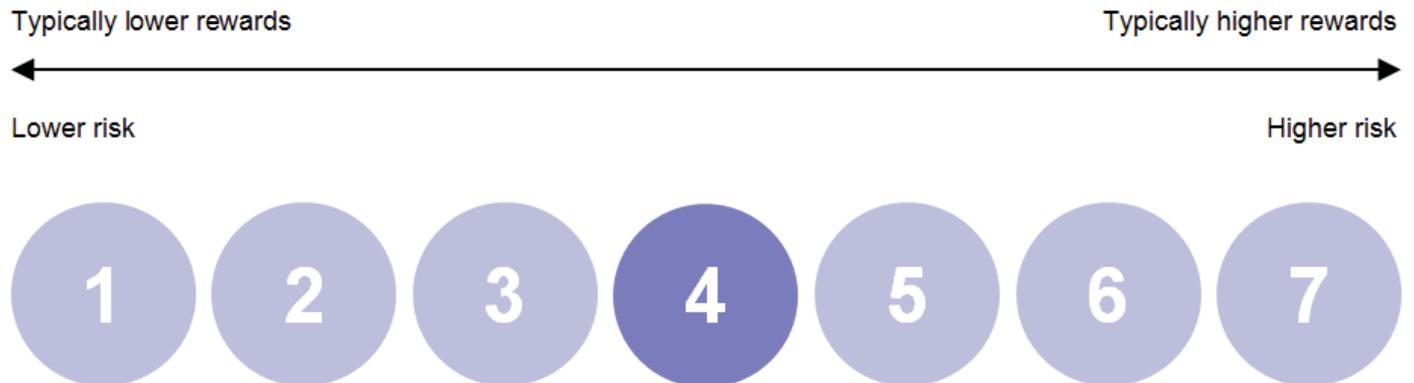
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

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

7IM Select Balanced Fund<sup>1,2</sup>

**Since  
Launch**  
(1.88)

<sup>1</sup> Source: Bloomberg

<sup>2</sup> The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the period are shown in the Distribution Tables on pages 90 and 91.

# 7IM SELECT BALANCED FUND

## PORTFOLIO STATEMENT

as at 31 May 2020

Holding	Portfolio of Investment	Value £	31.05.20 %
	<b>ALTERNATIVES 13.81%</b>		
	<b>Alternative Strategies 13.81%</b>		
63,034	AQR - Managed Futures UCITS Fund <sup>1</sup>	6,174,780	4.63
30,503	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	3,328,742	2.50
5,146,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	5,292,981	3.98
1,199,181	LF Odey Absolute Return <sup>1</sup>	3,599,918	2.70
		<b>18,396,421</b>	<b>13.81</b>
	<b>CASH 14.34%</b>		
19,121,999	Northern Trust Global Sterling Fund <sup>1</sup>	<b>19,121,999</b>	<b>14.34</b>
	<b>DEBT SECURITIES 35.85%</b>		
	<b>Emerging Market Bonds 4.33%</b>		
4,160,842	BNY Mellon Global - BNY Mellon Emerging Markets Debt Total Return <sup>1</sup>	3,888,307	2.92
21,504	UBS Lux Bond SICAV - Asian High Yield USD <sup>1</sup>	1,883,989	1.41
		<b>5,772,296</b>	<b>4.33</b>
	<b>Global Corporate Bonds 4.97%</b>		
88,728	GemCap Investment Funds Ireland - Semper Total Return Fund <sup>1</sup>	<b>6,628,854</b>	<b>4.97</b>
	<b>Global Government Bonds 5.95%</b>		
10	Ultra Long Term US Treasury Bond Futures September 2020 <sup>3</sup>	22,973	0.02
56,193	Vanguard Investment Series - Global Bond Index Fund <sup>1</sup>	7,901,832	5.93
		<b>7,924,805</b>	<b>5.95</b>
	<b>Global High Yield Bonds 13.04%</b>		
84,411	BlueBay Financial Capital Bond <sup>1</sup>	8,972,032	6.74
8,974,026	Hermes Investment Management - Multi Strategy Credit <sup>1</sup>	8,403,278	6.30
		<b>17,375,310</b>	<b>13.04</b>
	<b>Global Inflation Linked Bonds 2.81%</b>		
US\$2,158,200	US Treasury Inflation-Indexed Bonds 1% 2049	-	-
137,849	Xtrackers II Global Inflation-Linked Bond UCITS ETF <sup>1</sup>	3,749,493	2.81
		<b>3,749,493</b>	<b>2.81</b>
	<b>Short Term Sterling Bonds 3.69%</b>		
£400,000	Bank of Montreal 1.625% 2022	404,777	0.30
£90,000	Barclays Bank 5.75% 2021	94,155	0.07
£400,000	Dexia Credit Local 1.375% 2022	409,300	0.31
£300,000	Kommunalbanken AS 1.125% 2022	305,639	0.23
£500,000	National Australia Bank 5.125% 2021	528,600	0.40
£600,000	NRW Bank FRN 2024	597,294	0.45
£500,000	Rabobank Nederland 2.25% 2022	510,814	0.38
£500,000	Royal Bank of Canada FRN 2025	494,055	0.37
£500,000	Santander UK FRN 2022	496,833	0.37
£100,000	Skipton Building Society FRN 2023	99,219	0.07
£500,000	Swedbank 1.25% 2021	498,900	0.37

# 7IM SELECT BALANCED FUND

## PORTFOLIO STATEMENT (continued)

as at 31 May 2020

Holding	Portfolio of Investment	Value	31.05.20
		£	%
<b>Short Term Sterling Bonds (continued)</b>			
£500,000	Toronto-Dominion Bank 1.05% 2021	499,441	0.37
		<b>4,939,027</b>	<b>3.69</b>
<b>Sterling Corporate Bonds 1.06%</b>			
£500,000	Bank of Nova Scotia 1.25% 2022	501,100	0.38
£500,000	Lloyds Bank 1.31% 2022	501,482	0.38
£400,000	TSB Bank FRN 2024	403,636	0.30
		<b>1,406,218</b>	<b>1.06</b>
<b>EQUITY 32.80%</b>			
<b>Asia &amp; Emerging Markets 2.76%</b>			
175,531	Schroder ISF Asian Opportunities <sup>1</sup>	<b>3,679,579</b>	<b>2.76</b>
<b>Europe (ex UK) 4.07%</b>			
212	Euro Stoxx 50 Equity Index Futures December 2022 <sup>3</sup>	472,584	0.35
211	Euro Stoxx 50 Equity Index Futures December 2023 <sup>3</sup>	(28,671)	(0.02)
5,738,328	LF Lightman European Fund I Accumulation <sup>1</sup>	4,980,869	3.74
		<b>5,424,782</b>	<b>4.07</b>
<b>Japan 2.97%</b>			
400,488	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	<b>3,957,667</b>	<b>2.97</b>
<b>North America 8.30%</b>			
38,621	AB SICAV I - International Health Care Portfolio <sup>1</sup>	4,404,393	3.30
407,932	Artisan Partners Global - Global Value <sup>1</sup>	5,405,101	4.06
86	S&P 500 E-mini Futures June 2020 <sup>3</sup>	1,254,982	0.94
		<b>11,064,476</b>	<b>8.30</b>
<b>United Kingdom 14.70%</b>			
9,225,425	Investec Fund Series i - UK Alpha <sup>1</sup>	10,220,849	7.67
5,040,916	Majedie UK Focus <sup>1</sup>	9,364,510	7.03
		<b>19,585,359</b>	<b>14.70</b>
<b>FORWARD CURRENCY CONTRACTS 0.12%</b>			
€(73,000)	Vs £61,190 Expiry 16.10.2020	(4,911)	—
US\$(2,100,000)	Vs £1,688,268 Expiry 17.07.2020	(15,406)	(0.01)
US\$(3,000,000)	Vs £2,284,117 Expiry 17.07.2020	(149,704)	(0.11)
US\$8,023,001	Vs £(6,132,198) Expiry 17.07.2020	376,648	0.27
US\$2,600,000	Vs £(2,101,127) Expiry 17.07.2020	8,184	0.01
US\$2,300,000	Vs £(1,923,072) Expiry 17.07.2020	(57,143)	(0.04)
		<b>157,668</b>	<b>0.12</b>
	<b>Portfolio of investment</b>	<b>129,183,954</b>	<b>96.92</b>
	Net other assets	4,109,103	3.08
	<b>Net assets</b>	<b>133,293,057</b>	<b>100.00</b>

## 7IM SELECT BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 31 May 2020

There are no comparative figures as the Sub-fund launched on 12 July 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

## 7IM SELECT BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the period ended 31 May 2020

	Notes	£	12.07.19 to 31.05.20 <sup>1</sup> £
Income			
Net capital losses	4		(564,708)
Revenue	5	695,973	
Expenses	6	(688,567)	
Interest payable and similar charges	8	<u>(7,983)</u>	
Net expense before taxation for the period		(577)	
Taxation	7	<u>—</u>	
Net expense after taxation for the period			<u>(577)</u>
<b>Total return before distributions</b>			<u>(565,285)</u>
Distributions	8		<u>(278,282)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>(843,567)</u>

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

for the period ended 31 May 2020

		£	12.07.19 to 31.05.20 <sup>1</sup> £
<b>Opening net assets attributable to shareholders</b>			—
Amounts received on creation of shares <sup>2</sup>		150,025,245	
Amounts paid on cancellation of shares <sup>2</sup>		<u>(16,236,188)</u>	
			133,789,057
Dilution levy			950
Change in net assets attributable to shareholders from investment activities			(843,567)
Retained distribution on accumulation shares			<u>346,617</u>
<b>Closing net assets attributable to shareholders</b>			<u>133,293,057</u>

<sup>1</sup> There are no comparative figures shown as the Sub-fund launched on 12 July 2019.

<sup>2</sup> Stated at mid-market price.

The notes on pages 80 to 89 are an integral part of these Financial Statements.

# 7IM SELECT BALANCED FUND

## BALANCE SHEET

as at 31 May 2020

	Notes	31.05.20 <sup>1</sup> £
<b>ASSETS</b>		
Fixed assets:		
Investments		129,439,789
Current assets:		
Debtors	9	5,760,355
Cash and bank balances	10	354,910
Cash equivalents		–
<b>Total assets</b>		<u>135,555,054</u>
<b>LIABILITIES</b>		
Investment liabilities		(255,835)
Creditors:		
Bank overdrafts	10	(335,816)
Distribution payable		(19,944)
Other creditors	11	(1,650,402)
<b>Total liabilities</b>		<u>(2,261,997)</u>
<b>Net assets attributable to shareholders</b>		<u>133,293,057</u>

<sup>1</sup>There are no comparative figures shown as the Fund launched 12 July 2019.

The notes on pages 80 to 89 are an integral part of these Financial Statements.

# 7IM SELECT BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 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 9.

### 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 9 to 11.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 11 to 13.

### 4 Net capital losses

**12.07.19**  
**to**  
**31.05.20**  
**£**

The net capital losses during the period comprise:

Non-derivative securities	(1,151,613)
Derivative contracts	675,141
Forward currency contracts	(110,663)
Currency gains	37,032
Transaction charges	(15,685)
AMC rebates from underlying investments	1,080
Net capital losses	<u>(564,708)</u>

### 5 Revenue

**12.07.19**  
**to**  
**31.05.20**  
**£**

Non-taxable dividends	134,343
Taxable dividends	527,009
Unfranked interest	33,261
Bank interest	676
Stock lending revenue <sup>1</sup>	684
Total revenue	<u>695,973</u>

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

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 6 Expenses

	<b>12.07.19 to 31.05.20 £</b>
Payable to the ACD, associates of the ACD and agents of either of them:	
ACD's periodic charge	629,849
Other expenses	3,517
	<u>633,366</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	14,336
Safe custody and other bank charges	15,132
	<u>29,468</u>
Other Expenses:	
Audit fee	9,000
Dealing and exchange fees	1,612
FCA and other Regulatory fees	162
Legal and professional fees	385
Market data fees	1,865
Printing, postage and distribution costs	6,872
Risk analysis fees	5,837
	<u>25,733</u>
Total expenses	<u>688,567</u>

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 7 Taxation

	12.07.19 to 31.05.20 £
<i>a) Analysis of charge for the period</i>	
Current tax charge (note 7b)	—
Total taxation	—
<i>b) Factors affecting current tax charge for the period</i>	
The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised fund (20%) for the reasons explained below.	
Net expense before taxation	(577)
Corporation tax at 20%	(115)
Effects of:	
AMC rebates taken to capital	216
Non-taxable dividends	(26,864)
Unutilised excess management expenses	26,763
Current tax charge (note 7a)	—

#### *c) Deferred tax*

There is no deferred tax provision in the current period.

At the period end there is a potential deferred tax asset of £26,763 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:

	12.07.19 to 31.05.20 £
Interim	105,917
Final	267,921
	373,838
Add: Revenue deducted on cancellation of shares	30,410
Deduct: Revenue received on issue of shares	(125,966)
Net distributions for the period	278,282
Interest payable and similar charges	7,983
Total distribution	286,265

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 141 and 142.

Distributions represented by:

Net expense after taxation	(577)
Allocations to capital:	
Expenses, net of tax relief	278,920
Equalisation on conversions <sup>1</sup>	(7)
Net movement in revenue account	(54)
Net distributions for the period	<u>278,282</u>

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

#### 9 Debtors

	<b>31.05.20</b>
	<b>£</b>
Amounts receivable for issue of shares	2,321,381
Sales awaiting settlement	3,389,054
Accrued revenue	45,292
AMC rebates from underlying investments	775
Currency deals awaiting settlement	3,853
Total debtors	<u>5,760,355</u>

#### 10 Cash and bank balances

	<b>31.05.20</b>
	<b>£</b>
Cash and bank balances	334,631
Cash held at clearing houses	20,279
Total cash and bank balances	<u>354,910</u>
Bank overdrafts	(334,623)
Cash overdraft at clearing houses	(1,193)
Total bank overdrafts	<u>(335,816)</u>

#### 11 Other Creditors

	<b>31.05.20</b>
	<b>£</b>
Amounts payable for cancellation of shares	162,023
Purchases awaiting settlement	1,395,622
Accrued expenses	92,757
Total other creditors	<u>1,650,402</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 130.

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 12 Related party transactions (continued)

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 99.73%

The net value of creations and cancellations for Pershing Nominees Limited during the period totalled £133,219,498.

Where the Sub-fund invests in 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	0.75%
Class S	0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	–	10,042,883	(492,132)	(126,097)	9,424,654
Class C Accumulation	–	130,200,556	(16,425,718)	125,883	113,900,721
Class S Income	–	614,083	(1)	–	614,082
Class S Accumulation	–	11,859,702	(42,312)	1	11,817,391

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date.

#### 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 11 to 13. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2020

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	402	–	443,913	444,315
US dollar	3,574	5,292,980	17,325,609	22,622,163
Pound sterling	22,564,894	3,253,286	100,774,553	126,592,733
	22,568,870	8,546,266	118,544,075	149,659,211

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(1,239)	(66,101)	(67,340)
US dollar	(3,931)	(4,137,494)	(4,141,425)
Pound sterling	(330,646)	(11,826,743)	(12,157,389)
	(335,816)	(16,030,338)	(16,366,154)

The floating rate financial assets and liabilities include 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 31.05.20 %	Weighted average period for which rate is fixed 31.05.20 Years
Pound sterling	0.98	2
US dollar	(5.61)	4

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2020, the average effective duration was 2.20 years.

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2020

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	(837)	377,813	376,976
US dollar	(357)	18,481,095	18,480,738
	(1,194)	18,858,908	18,857,714
Pound sterling	23,232,297	91,203,046	114,435,343
Net assets	23,231,103	110,061,954	133,293,057

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

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

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk (VaR) to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process. VaR will be used by the Sub-fund on a daily basis in accordance with the requirements of the Central Bank pursuant to which VaR of the Sub-fund's portfolio shall not exceed 2.3% of the Net Asset Value of the Sub-fund and the one-tailed confidence interval shall not be less than 99% with a one day holding period. The historical observation period will be not less than 1 year.

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. 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 period ended 31 May 2020 was 112%, 233% and 153% 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 structured products. 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>31.05.20</b>
<b>Counterparty</b>	<b>£</b>
<b>Futures Contracts</b>	
Royal Bank of Scotland	1,721,868
<b>Forward Currency Contracts</b>	
Northern Trust	157,668
<b>Total net exposure<sup>1</sup></b>	<u>1,879,536</u>

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

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

31 May 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	1,095,078	10,543,148	–	11,638,226
Collective Investment Schemes	115,666,192	–	–	115,666,192
Derivatives	1,750,539	384,832	–	2,135,371
<b>Total</b>	<b>118,511,809</b>	<b>10,927,980</b>	<b>–</b>	<b>129,439,789</b>
<b>Liabilities</b>				
Derivatives	(28,671)	(227,164)	–	(255,835)

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 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 68.

Analysis of direct transaction costs for the period ended 31 May 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	18,343	–	–	–	–	–
Collective Investment Schemes	205,292	–	–	–	–	–
Derivatives	1,367	–	–	–	–	–
Equities	11,129	–	–	–	–	–
<b>Total</b>	<b>236,131</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sales</b>						
Bonds	6,461	–	–	–	–	–
Collective Investment Schemes	93,635	–	–	–	–	–
Derivatives	2,001	–	–	–	–	–
Equities	7,643	–	–	–	–	–
<b>Total</b>	<b>109,740</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>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.03%. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

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

# 7IM SELECT BALANCED FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

### Interim - in pence per share<sup>1</sup>

Group 1 - Shares purchased prior to 12 July 2019

Group 2 - Shares purchased on or after 12 July 2019 and on or before 30 November 2019

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.20</b>
<b>Class C Income</b>			
Group 1	0.1077	–	0.1077
Group 2	0.0751	0.0326	0.1077
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.20</b>
<b>Class C Accumulation</b>			
Group 1	0.1075	–	0.1075
Group 2	0.0787	0.0288	0.1075
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>			
Group 1	0.1453	–	0.1453
Group 2	0.1446	0.0007	0.1453
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>			
Group 1	0.1453	–	0.1453
Group 2	0.1365	0.0088	0.1453

## 7IM SELECT BALANCED FUND

### DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

#### Final - 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>Class C Income</b>			
Group 1	0.1946	–	0.1946
Group 2	0.0082	0.1864	0.1946
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.20</b>
<b>Class C Accumulation</b>			
Group 1	0.1908	–	0.1908
Group 2	0.0036	0.1872	0.1908
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.20</b>
<b>Class S Income</b>			
Group 1	0.2612	–	0.2612
Group 2	–	0.2612	0.2612
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.20</b>
<b>Class S Accumulation</b>			
Group 1	0.2594	–	0.2594
Group 2	0.0017	0.2577	0.2594

<sup>1</sup> The Sub-fund launched on 12 July 2019.

#### 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 SELECT MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the period ended 31 May 2020

### Investment Objective and Policy

The 7IM Select Moderately Adventurous Fund (the 'Sub-fund') aims to provide a return made up of capital growth with some income over the medium to longer term (5 years or more).

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 also other transferable securities such as government and corporate bonds and structured products.

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

The Sub-fund's underlying investments will be focused on assets that provide capital growth including equities but, there will be an allocation to income generating assets such as government bonds and corporate bonds.

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, 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 12 July 2019<sup>1</sup> to 31 May 2020, the portfolio delivered a total return of -2.54%<sup>2</sup>.

#### Investment Background

Coronavirus wasn't on the radar last year. Instead, markets were concerned about the tension between the Fed's ability to support growth while the US and China drifted towards a new cold war. Last year saw some positive surprises on that front – the Fed had pivoted towards cutting rates while Donald Trump deferred a further \$300bn of tariffs, and resume negotiations. This gave equity markets a boost, with the US market rising 7% in a month – the best June since 1955.

Investors had to wait until the end of July for the US Federal Reserve to confirm what the market had been pricing for in months – the first rate cut since 2008. On 31st July, Chair Jay Powell announced a cut of 25bps to the Federal Fund Rate. For equity markets, travelling in hope is often better than arriving.

Despite the Fed's pivot, Donald Trump still came out swinging in August. He accused the Federal Reserve of failing to cut interest rates by enough, and followed up by announcing new tariffs on Chinese imports. In September, the US Federal Reserve cut interest rates by another 0.25%, citing concerns over global growth and trade wars. The S&P 500 was knocking on the door of new highs once again. In the first two weeks of September, the US 10 year yield jumped from below 1.5% to around 1.9% – reminding investors that fixed income investing isn't all one-way traffic.

The last quarter of the year was a strange one. At the start of it, investors could not look past a list of worries, whether it was weak data from the US, deteriorating global trade relations or the UK speeding towards a 'no deal' Brexit. The globally orientated FTSE 100 was hit the hardest over this period and had its worst one-day move in three and a half years losing over 3%.

However, within a matter of weeks, many of those concerns drifted away and the stock market juggernaut was back on track. After multiple high level meetings between China and US, the initial details of 'phase one' of the trade deal began to be fleshed out. The main parts of the deal include China buying more agricultural products from the US and the US allowing access to big Chinese tech companies. By the end of the year, that juggernaut was smashing through all concerns. And then, the Coronavirus.

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

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> Calculated using 7IM Select Moderately Adventurous Fund C Acc shares, published prices. Source: NTRS

## 7IM SELECT MODERATELY ADVENTUROUS FUND

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

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

#### **Investment Background** (continued)

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

Equities recovered in April and 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%.

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

#### **Portfolio Review**

The Sub-fund was launched on 12th July 2019 and was fully invested on day one. The majority of transactions at outset were investing additional subscriptions but there were some portfolio changes.

A proportion of the Sub-fund's US equity exposure was invested into Healthcare. The long term structural case for Healthcare is well founded with spending increasing as people get richer and older.

We sold the 7IM UK Equity Value Fund and reinvested the proceeds into Threadneedle Extended Alpha and we switched Majedie UK Equity into their more concentrated Focus fund.

We believed US inflation to be underpriced so we purchased a US inflation protected bond and then hedged out the duration risk using interest rate futures. Also within fixed interest, we sold the holding in Hermes Multi-Strategy credit and reinvested into a lower risk strategy managed by Semper in the US, who invest in residential mortgage backed securities.

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

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

We reduced exposure to Emerging Market Debt at the start of March and this proved timely. We also reduced Corporate Bonds at the start of March.

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

Following a review of the European equity sector, we sold Neptune European Opportunities and replaced it with Lightman European - the only value player in the sector.

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

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

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

## 71M SELECT MODERATELY ADVENTUROUS FUND

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

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

#### **Portfolio Review** (continued)

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

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

#### **Investment Outlook**

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

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

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

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

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

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

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

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

Seven Investment Management LLP  
Investment Manager  
June 2020

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 96 to 99 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) 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 SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	<b>31.05.2020<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	100.00
Return before operating charges*	(1.13)
Operating charges (calculated on average price)	(1.33)
Return after operating charges*	(2.46)
Distributions on income shares	–
Closing net asset value per share	97.54
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(2.46)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	3,709
Closing number of shares	3,802,445
Operating charges <sup>4</sup>	1.40%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.60
Lowest share price	81.85

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 100.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	<b>31.05.2020<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	100.00
Return before operating charges*	(1.10)
Operating charges (calculated on average price)	(1.36)
Return after operating charges*	(2.46)
Closing net asset value per share	97.54
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(2.46)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	59,610
Closing number of shares	61,113,068
Operating charges <sup>4</sup>	1.40%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.60
Lowest share price	81.85

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 100.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	<b>31.05.2020<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	100.00
Return before operating charges*	(1.13)
Operating charges (calculated on average price)	(1.12)
Return after operating charges*	(2.25)
Distributions on income shares	(0.04)
Closing net asset value per share	97.71
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(2.25)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	1,768
Closing number of shares	1,809,458
Operating charges <sup>4</sup>	1.15%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.75
Lowest share price	81.99

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 100.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	<b>31.05.2020<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	100.00
Return before operating charges*	(1.13)
Operating charges (calculated on average price)	(1.11)
Return after operating charges*	(2.24)
Distributions	(0.02)
Retained distributions on accumulation shares	0.02
Closing net asset value per share	97.76
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	(2.24)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	2,087
Closing number of shares	2,134,738
Operating charges <sup>4</sup>	1.15%
Direct transaction costs	0.00%

#### Prices

Highest share price	102.75
Lowest share price	81.99

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 100.

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2020<sup>1</sup>

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.16%	0.16%
	<hr/>	<hr/>
	0.91%	0.61%
Collective investment scheme costs	0.49%	0.65%
Ongoing Charges Figure	<hr/>	<hr/>
	1.40%	1.15%

<sup>1</sup> The Sub-fund launched on 12 July 2019.

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.

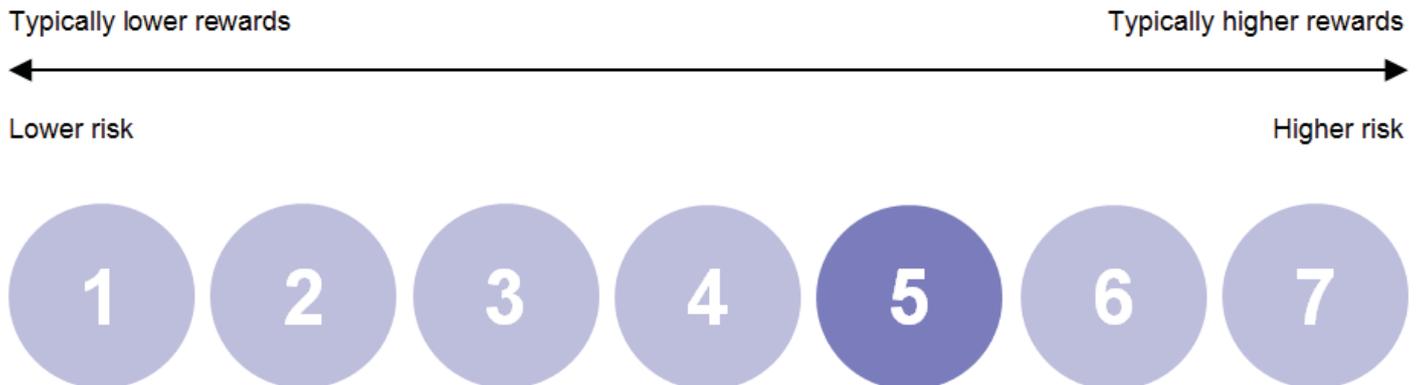
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

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

7IM Select Moderately Adventurous Fund<sup>1,2</sup>

**Since  
Launch**  
(2.54)

<sup>1</sup> Source: Bloomberg

<sup>2</sup> The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the period are shown in the Distribution Tables on pages 116 and 117.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 31 May 2020

Holding	Portfolio of Investment	Value £	31.05.20 %
<b>ALTERNATIVES 13.40%</b>			
<b>Alternative Strategies 13.40%</b>			
31,539	AQR - Managed Futures UCITS Fund <sup>1</sup>	3,089,584	4.60
14,797	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	1,614,797	2.40
2,398,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	2,466,493	3.66
612,526	LF Odey Absolute Return <sup>1</sup>	1,838,791	2.74
		<b>9,009,665</b>	<b>13.40</b>
<b>CASH 10.72%</b>			
7,203,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>7,203,000</b>	<b>10.72</b>
<b>DEBT SECURITIES 23.10%</b>			
<b>Emerging Market Bonds 4.95%</b>			
2,173,773	BNY Mellon Global - BNY Mellon Emerging Markets Debt Total Return <sup>1</sup>	2,031,391	3.02
14,767	UBS Lux Bond SICAV - Asian High Yield USD <sup>1</sup>	1,293,726	1.93
		<b>3,325,117</b>	<b>4.95</b>
<b>Global Corporate Bonds 3.55%</b>			
31,917	GemCap Investment Funds Ireland - Semper Total Return Fund <sup>1</sup>	<b>2,384,517</b>	<b>3.55</b>
<b>Global Government Bonds 0.02%</b>			
3	Ultra Long Term US Treasury Bond Futures September 2020 <sup>3</sup>	<b>10,726</b>	<b>0.02</b>
<b>Global High Yield Bonds 6.62%</b>			
41,862	BlueBay Financial Capital Bond <sup>1</sup>	<b>4,449,495</b>	<b>6.62</b>
<b>Short Term Sterling Bonds 6.16%</b>			
£200,000	Bank of Montreal 1.625% 2022	202,388	0.30
£90,000	Barclays Bank 5.75% 2021	94,155	0.14
£400,000	Dexia Credit Local 1.375% 2022	409,300	0.61
£200,000	Kommunalbanken AS 1.125% 2022	203,760	0.30
£500,000	National Australia Bank 5.125% 2021	528,600	0.79
£200,000	NRW Bank FRN 2024	199,098	0.30
£500,000	Rabobank Nederland 2.25% 2022	510,814	0.76
£500,000	Royal Bank of Canada FRN 2025	494,055	0.74
£500,000	Santander UK FRN 2022	496,833	0.74
£100,000	Skipton Building Society FRN 2023	99,219	0.15
£500,000	Swedbank 1.25% 2021	498,900	0.74
£400,000	Toronto-Dominion Bank 1.05% 2021	399,553	0.59
		<b>4,136,675</b>	<b>6.16</b>
<b>Sterling Corporate Bonds 1.80%</b>			
£500,000	Bank of Nova Scotia 1.25% 2022	501,100	0.75
£500,000	Lloyds Bank 1.31% 2022	501,482	0.75
£200,000	TSB Bank FRN 2024	201,818	0.30
		<b>1,204,400</b>	<b>1.80</b>

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 31 May 2020

Holding	Portfolio of Investment	Value 31.05.20	
		£	%
<b>EQUITY 49.40%</b>			
<b>Asia &amp; Emerging Markets 5.30%</b>			
9,811	RWC Global Emerging Markets <sup>1</sup>	1,677,082	2.50
89,873	Schroder ISF Asian Opportunities <sup>1</sup>	1,883,968	2.80
		<b>3,561,050</b>	<b>5.30</b>
<b>Europe (ex UK) 7.88%</b>			
138	Euro Stoxx 50 Equity Index Futures December 2022 <sup>3</sup>	40,424	0.06
138	Euro Stoxx 50 Equity Index Futures December 2023 <sup>3</sup>	218,465	0.33
827,902	Fidelity Investment Funds - Index Europe ex UK Fund P Accumulation <sup>1</sup>	1,213,043	1.81
4,395,932	LF Lightman European Fund I Accumulation <sup>1</sup>	3,815,669	5.68
		<b>5,287,601</b>	<b>7.88</b>
<b>Japan 7.07%</b>			
480,265	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	4,746,026	7.07
<b>North America 11.20%</b>			
29,299	AB SICAV I - International Health Care Portfolio <sup>1</sup>	3,341,289	4.97
257,439	Artisan Partners Global - Global Value <sup>1</sup>	3,411,069	5.08
60	S&P 500 E-mini Futures June 2020 <sup>3</sup>	777,210	1.15
		<b>7,529,568</b>	<b>11.20</b>
<b>United Kingdom 17.95%</b>			
4,347,779	Investec Fund Series i - UK Alpha <sup>1</sup>	4,816,905	7.17
2,410,608	Majedie UK Focus <sup>1</sup>	4,478,186	6.67
607,727	Threadneedle UK Extended Alpha Fund <sup>1</sup>	2,760,112	4.11
		<b>12,055,203</b>	<b>17.95</b>
<b>FORWARD CURRENCY CONTRACTS 0.59%</b>			
€474,000	Vs £(397,319) Expiry 16.10.2020	31,890	0.05
€1,200,000	Vs £(1,086,960) Expiry 16.10.2020	(356)	—
US\$(1,500,000)	Vs £1,229,433 Expiry 17.07.2020	12,523	0.02
US\$(1,000,000)	Vs £803,937 Expiry 17.07.2020	(7,336)	(0.01)
¥90,000,000	Vs £(631,573) Expiry 19.06.2020	49,685	0.07
US\$7,207,000	Vs £(5,508,506) Expiry 17.07.2020	338,340	0.50
US\$1,200,000	Vs £(1,003,342) Expiry 17.07.2020	(29,814)	(0.04)
		<b>394,932</b>	<b>0.59</b>
<b>Portfolio of investment</b>		<b>65,297,975</b>	<b>97.21</b>
Net other assets		1,875,546	2.79
<b>Net assets</b>		<b>67,173,521</b>	<b>100.00</b>

There are no comparative figures as the Sub-fund launched on 12 July 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

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the period ended 31 May 2020

	Notes	£	12.07.19 to 31.05.20 <sup>1</sup> £
Income			
Net capital losses	4		(505,474)
Revenue	5	298,915	
Expenses	6	(370,509)	
Interest payable and similar charges	8	(6,267)	
Net expense before taxation for the period		(77,861)	
Taxation	7	(60)	
Net expense after taxation for the period			(77,921)
<b>Total return before distributions</b>			(583,395)
Distributions	8		307
<b>Change in net assets attributable to shareholders from investment activities</b>			(583,088)

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

for the period ended 31 May 2020

	£	12.07.19 to 31.05.20 <sup>1</sup> £
<b>Opening net assets attributable to shareholders</b>		–
Amounts received on creation of shares <sup>2</sup>	76,415,137	
Amounts paid on cancellation of shares <sup>2</sup>	(8,658,968)	
		67,756,169
Change in net assets attributable to shareholders from investment activities		(583,088)
Retained distribution on accumulation shares		440
<b>Closing net assets attributable to shareholders</b>		67,173,521

<sup>1</sup> There are no comparative figures shown as the Sub-fund launched on 12 July 2019.

<sup>2</sup> Stated at mid-market price.

The notes on pages 106 to 115 are an integral part of these Financial Statements.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## BALANCE SHEET

as at 31 May 2020

	Notes	31.05.20 <sup>1</sup> £
<b>ASSETS</b>		
Fixed assets:		
Investments		65,335,481
Current assets:		
Debtors	9	2,084,174
Cash and bank balances	10	237,698
<b>Total assets</b>		<u>67,657,353</u>
<b>LIABILITIES</b>		
Investment liabilities		(37,506)
Creditors:		
Bank overdrafts	10	(136,484)
Distribution payable		(717)
Other creditors	11	(309,125)
<b>Total liabilities</b>		<u>(483,832)</u>
<b>Net assets attributable to shareholders</b>		<u>67,173,521</u>

<sup>1</sup>There are no comparative figures shown as the Sub-fund launched 12 July 2019.

The notes on pages 106 to 115 are an integral part of these Financial Statements.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 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 9.

### 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 9 to 11.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 11 to 13.

### 4 Net capital losses

**12.07.19**  
**to**  
**31.05.20**  
**£**

The net capital losses during the period comprise:

Non-derivative securities	(942,270)
Derivative contracts	200,985
Forward currency contracts	232,925
Currency gains	12,713
Transaction charges	(14,202)
AMC rebates from underlying investments	4,375
Net capital losses	<u>(505,474)</u>

### 5 Revenue

**12.07.19**  
**to**  
**31.05.20**  
**£**

Non-taxable dividends	151,055
Taxable dividends	121,174
Unfranked interest	26,304
Bank interest	32
Stock lending revenue <sup>1</sup>	350
Total revenue	<u>298,915</u>

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

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

### 6 Expenses

	12.07.19 to 31.05.20 £
Payable to the ACD, associates of the ACD and agents of either of them:	
ACD's periodic charge	317,967
Other expenses	3,517
	<u>321,484</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	7,716
Safe custody and other bank charges	15,018
	<u>22,734</u>
Other Expenses:	
Audit fee	9,000
Dealing and exchange fees	1,260
FCA and other Regulatory fees	162
Legal and professional fees	385
Market data fees	1,865
Printing, postage and distribution costs	7,782
Risk analysis fees	5,837
	<u>26,291</u>
Total expenses	<u>370,509</u>

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 7 Taxation

	12.07.19 to 31.05.20 £
<i>a) Analysis of charge for the period</i>	
Irrecoverable CIS income tax	60
Current tax charge (note 7b)	60
Total taxation	60
<i>b) Factors affecting current tax charge for the period</i>	
The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised fund (20%) for the reasons explained below.	
Net expense before taxation	(77,861)
Corporation tax at 20%	(15,572)
Effects of:	
Irrecoverable CIS income tax w/off	60
Non-taxable dividends	(30,214)
Tax effect on capital expenses	875
Unutilised excess management expenses	44,911
Current tax charge (note 7a)	60

#### *c) Deferred tax*

There is no deferred tax provision in the current period.

At the period end, there is a potential deferred tax asset of £44,911 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:

	12.07.19 to 31.05.20 £
Interim	–
Final	1,157
	1,157
Add: Revenue deducted on cancellation of shares	296
Deduct: Revenue received on issue of shares	(1,760)
Net distributions for the period	(307)
Interest payable and similar charges	6,267
Total distribution	5,960

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 141 and 142.

Distributions represented by:

Net expense after taxation	(77,921)
Allocations to capital:	
Expenses, net of tax relief	875
Equalisation on conversions <sup>1</sup>	89
Income deficit	76,652
Net movement in revenue account	(2)
Net distributions for the period	<u>(307)</u>

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

### 9 Debtors

	<b>31.05.20</b>
	<b>£</b>
Amounts receivable for issue of shares	291,961
Sales awaiting settlement	1,673,740
Accrued revenue	113,019
AMC rebates from underlying investments	3,472
Currency deals awaiting settlement	1,982
Total debtors	<u>2,084,174</u>

### 10 Cash and bank balances

	<b>31.05.20</b>
	<b>£</b>
Cash and bank balances	116,050
Cash held at clearing houses	121,648
Total cash and bank balances	<u>237,698</u>
Bank overdrafts	(115,761)
Cash overdraft at clearing houses	(20,723)
Total bank overdrafts	<u>(136,484)</u>

### 11 Other Creditors

	<b>31.05.20</b>
	<b>£</b>
Amounts payable for cancellation of shares	178,620
Purchases awaiting settlement	74,439
Accrued expenses	56,066
Total other creditors	<u>309,125</u>

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 May 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 130.

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 99.70%

The net value of creations and cancellations for Pershing Nominees Limited during the period totalled £66,916,467.

Where the Sub-fund invests in 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	0.75%
Class S	0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	–	4,145,574	(444,462)	101,333	3,802,445
Class C Accumulation	–	68,456,029	(7,570,715)	227,754	61,113,068
Class S Income	–	1,809,954	(328,259)	327,763	1,809,458
Class S Accumulation	–	3,601,345	(1,466,607)	–	2,134,738

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date.

#### 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 11 to 13. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	272	–	1,774,702	1,774,974
Japanese yen	–	–	681,258	681,258
US dollar	3,529	2,466,493	10,788,721	13,258,743
Pound sterling	9,828,955	2,949,018	49,782,783	62,560,756
	<u>9,832,756</u>	<u>5,415,511</u>	<u>63,027,464</u>	<u>78,275,731</u>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(686)	–	(686)
US dollar	(23,841)	(2,028,184)	(2,052,025)
Pound sterling	(111,957)	(8,937,542)	(9,049,499)
	<u>(136,484)</u>	<u>(10,965,726)</u>	<u>(11,102,210)</u>

The floating rate financial assets and liabilities include 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 31.05.20 %</b>	<b>Weighted average period for which rate is fixed 31.05.20 Years</b>
Pound sterling	– 1.00	2
US dollar	– (5.61)	4

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2020, the average effective duration was 1.29 years.

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2020

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	(414)	1,774,702	1,774,288
Japanese yen	–	681,258	681,258
US dollar	(17,595)	11,224,313	11,206,718
	(18,009)	13,680,273	13,662,264
Pound sterling	9,096,555	44,414,702	53,511,257
Net assets	9,078,546	58,094,975	67,173,521

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 May 2020

### 15 Risks Disclosures (continued)

#### iii. Derivatives

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

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk (VaR) to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process. VaR will be used by the Sub-fund on a daily basis in accordance with the requirements of the Central Bank pursuant to which VaR of the Sub-fund's portfolio shall not exceed 2.3% of the Net Asset Value of the Sub-fund and the one-tailed confidence interval shall not be less than 99% with a one day holding period. The historical observation period will be not less than 1 year.

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. 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 period ended 31 May 2020 was 119%, 257% and 169% respectively.

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts. 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>31.05.20</b>
	<b>£</b>
<b>Futures Contracts</b>	
Royal Bank of Scotland	1,046,825
<b>Forward Currency Contracts</b>	
Northern Trust	394,932
<b>Total net exposure<sup>1</sup></b>	<u>1,441,757</u>

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

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

iv. *Fair value*

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

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

**Level 1**

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

**Level 2**

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

**Level 3**

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

<b>31 May 2020</b>	<b>Level 1</b> £	<b>Level 2</b> £	<b>Level 3</b> £	<b>Total</b> £
<b>Assets</b>				
Bonds	995,190	6,812,378	–	7,807,568
Collective Investment Schemes	56,048,650	–	–	56,048,650
Derivatives	1,046,825	432,438	–	1,479,263
<b>Total</b>	<b>58,090,665</b>	<b>7,244,816</b>	<b>–</b>	<b>65,335,481</b>
<b>Liabilities</b>				
Derivatives	–	(37,506)	–	(37,506)

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 May 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 95.

Analysis of direct transaction costs for the period ended 31 May 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	11,179	–	–	–	–	–
Collective Investment Schemes	110,315	–	–	–	–	–
Derivatives	301	–	–	–	–	–
Equities	6,117	–	–	–	–	–
<b>Total</b>	<b>127,912</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sales</b>						
Bonds	4,129	–	–	–	–	–
Collective Investment Schemes	52,527	–	–	–	–	–
Derivatives	241	–	–	–	–	–
Equities	6,694	–	–	–	–	–
<b>Total</b>	<b>63,591</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.02%. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

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

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

### Interim - in pence per share<sup>1</sup>

Group 1 - Shares purchased prior to 12 July 2019

Group 2 - Shares purchased on or after 12 July 2019 and on or before 30 November 2019

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

	Net Revenue	Equalisation	Allocated 31.01.20
<b>Class C Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

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

	Net Revenue	Equalisation	Allocated 31.01.20
<b>Class S Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

## 7IM SELECT MODERATELY ADVENTUROUS FUND

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

#### Final - in pence per share<sup>1</sup>

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
<b>Class C Income<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

	Net Revenue	Equalisation	Allocated 31.07.20
<b>Class C Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

	Net Revenue	Equalisation	Paid 31.07.20
<b>Class S Income</b>			
Group 1	0.0396	–	0.0396
Group 2	0.0340	0.0056	0.0396

	Net Revenue	Equalisation	Allocated 31.07.20
<b>Class S Accumulation</b>			
Group 1	0.0206	–	0.0206
Group 2	0.0104	0.0102	0.0206

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> 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 SELECT ADVENTUROUS FUND

## ACD'S REPORT

for the period ended 31 May 2020

### Investment Objective and Policy

The 7IM Select Adventurous Fund (the 'Sub-fund') aims to provide capital growth over the medium to longer term (5 years or more).

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 such as structured products.

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

The Sub-fund's underlying investments will be focused on assets with scope for capital growth including 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, 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 12 July 2019<sup>1</sup> to 31 May 2020, the portfolio delivered a total return of -2.60%<sup>2</sup>.

#### Investment Background

Coronavirus wasn't on the radar last year. Instead, markets were concerned about the tension between the Fed's ability to support growth while the US and China drifted towards a new cold war. Last year saw some positive surprises on that front – the Fed had pivoted towards cutting rates while Donald Trump deferred a further \$300bn of tariffs, and resume negotiations. This gave equity markets a boost, with the US market rising 7% in a month – the best June since 1955.

Investors had to wait until the end of July for the US Federal Reserve to confirm what the market had been pricing for in months – the first rate cut since 2008. On 31st July, Chair Jay Powell announced a cut of 25bps to the Federal Fund Rate. For equity markets, travelling in hope is often better than arriving.

Despite the Fed's pivot, Donald Trump still came out swinging in August. He accused the Federal Reserve of failing to cut interest rates by enough, and followed up by announcing new tariffs on Chinese imports. In September, the US Federal Reserve cut interest rates by another 0.25%, citing concerns over global growth and trade wars. The S&P 500 was knocking on the door of new highs once again. In the first two weeks of September, the US 10 year yield jumped from below 1.5% to around 1.9% – reminding investors that fixed income investing isn't all one-way traffic.

The last quarter of the year was a strange one. At the start of it, investors could not look past a list of worries, whether it was weak data from the US, deteriorating global trade relations or the UK speeding towards a 'no deal' Brexit. The globally orientated FTSE 100 was hit the hardest over this period and had its worst one-day move in three and a half years losing over 3%.

However, within a matter of weeks, many of those concerns drifted away and the stock market juggernaut was back on track. After multiple high level meetings between China and US, the initial details of 'phase one' of the trade deal began to be fleshed out. The main parts of the deal include China buying more agricultural products from the US and the US allowing access to big Chinese tech companies. By the end of the year, that juggernaut was smashing through all concerns. And then, the Coronavirus.

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

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> Calculated using 7IM Select Adventurous Fund C Acc shares, published prices. Source: NTRS

## 7IM SELECT ADVENTUROUS FUND

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

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

It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down. However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession.

Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Equities recovered in April and 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%.

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

### **Portfolio Review**

The Sub-fund was launched on 12th July 2019 and was fully invested on day one. The majority of transactions at outset were investing additional subscriptions but there were some portfolio changes.

A proportion of the Sub-fund's US equity exposure was invested into Healthcare. The long term structural case for Healthcare is well founded with spending increasing as people get richer and older.

We sold the 7IM UK Equity Value Fund and reinvested the proceeds into Threadneedle Extended Alpha and we switched Majedie UK Equity into their more concentrated Focus fund.

Following a strong period of outperformance, profits were taken in Martin Currie Global Equity Income. The proceeds were invested into a number of high conviction regional equity funds to provide a more accurate reflection of our current top-down asset allocation strategy.

We believed US inflation to be underpriced so we purchased a US inflation protected bond and then hedged out the duration risk using interest rate futures.

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

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

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

Following a review of the European equity sector, we sold Neptune European Opportunities and replaced it with Lightman European - the only value player in the sector.

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

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

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

## 7IM SELECT ADVENTUROUS FUND

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

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

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

### **Investment Outlook**

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

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

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

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

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

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

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

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

Seven Investment Management LLP  
Investment Manager  
June 2020

## 7IM SELECT ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 122 to 125 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) 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 SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	<b>2020<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	100.00
Return before operating charges*	(0.52)
Operating charges (calculated on average price)	(1.99)
Return after operating charges*	(2.51)
Distributions on income shares	–
Closing net asset value per share	97.49
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(2.51)%
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#### Other Information

Closing net asset value (£'000)	48
Closing number of shares	49,044
Operating charges <sup>4</sup>	2.10%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.27
Lowest share price	79.61

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 126.

# 7IM SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	<b>2020<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	100.00
Return before operating charges*	(0.47)
Operating charges (calculated on average price)	(2.02)
Return after operating charges*	(2.49)
Closing net asset value per share	97.51
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(2.49)%
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#### Other Information

Closing net asset value (£'000)	8,754
Closing number of shares	8,978,250
Operating charges <sup>4</sup>	2.10%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.28
Lowest share price	79.62

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 126.

# 7IM SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	<b>2020<sup>1</sup> (pence per share)</b>
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(0.10)
Operating charges (calculated on average price)	(1.84)
Return after operating charges*	(1.94)
Distributions on income shares	–
Closing net asset value per share	98.06
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(1.94)%
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#### Other Information

Closing net asset value (£'000)	–
Closing number of shares	102
Operating charges <sup>4</sup>	1.85%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.41
Lowest share price	79.75

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 126.

# 7IM SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	2020 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(0.48)
Operating charges (calculated on average price)	(1.80)
Return after operating charges*	(2.28)
Closing net asset value per share	97.72
* After direct transaction costs of: <sup>2</sup>	(0.01)

#### Performance

Return after charges <sup>3</sup>	(2.28)%
-----------------------------------	---------

#### Other Information

Closing net asset value (£'000)	766
Closing number of shares	783,657
Operating charges <sup>4</sup>	1.85%
Direct transaction costs	(0.01)%

#### Prices

Highest share price	102.41
Lowest share price	79.76

<sup>1</sup> The Sub-fund launched 12 July 2019.

<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 126.

## 7IM SELECT ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2020<sup>1</sup>

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.82%	0.82%
	<hr/>	<hr/>
	1.57%	1.32%
Collective investment scheme costs	0.53%	0.53%
Ongoing Charges Figure <sup>2</sup>	<hr/>	<hr/>
	2.10%	1.85%

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> From 1 June 2020, the ACD will be subsidising the ongoing charges which exceed 1.70% of the Sub-fund.

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.

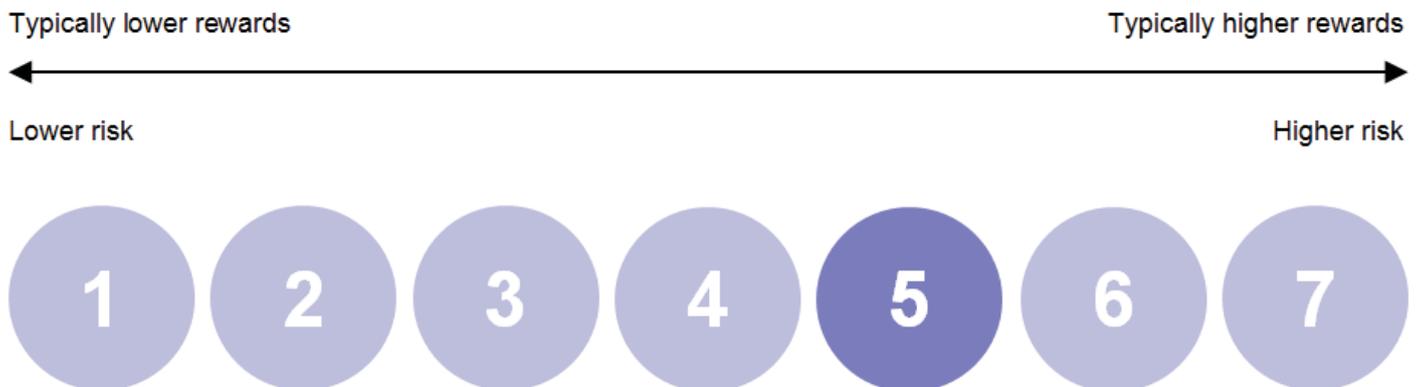
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 5.

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

7IM Select Adventurous Fund<sup>1, 2</sup>

**Since  
Launch**  
(2.60)

<sup>1</sup> Source: Bloomberg

<sup>2</sup> The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the period are shown in the Distribution Tables on pages 141 and 142.

# 7IM SELECT ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 31 May 2020

Holding	Portfolio of Investment	Value	31.05.20
		£	%
	<b>ALTERNATIVES 7.81%</b>		
	<b>Alternative Strategies 7.81%</b>		
3,650	AQR - Managed Futures UCITS Fund <sup>1</sup>	357,574	3.74
1,665	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	181,664	1.90
69,061	LF Odey Absolute Return <sup>1</sup>	207,318	2.17
		<b>746,556</b>	<b>7.81</b>
	<b>CASH 4.54%</b>		
434,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>434,000</b>	<b>4.54</b>
	<b>DEBT SECURITIES 7.90%</b>		
	<b>Emerging Market Bonds 3.92%</b>		
206,342	BNY Mellon Global - BNY Mellon Emerging Markets Debt Total Return <sup>1</sup>	192,827	2.02
2,077	UBS Lux Bond SICAV - Asian High Yield USD <sup>1</sup>	181,930	1.90
		<b>374,757</b>	<b>3.92</b>
	<b>Global High Yield Bonds 3.98%</b>		
3,581	BlueBay Financial Capital Bond <sup>1</sup>	<b>380,672</b>	<b>3.98</b>
	<b>EQUITY 77.27%</b>		
	<b>Asia &amp; Emerging Markets 7.32%</b>		
1,737	RWC Global Emerging Markets <sup>1</sup>	296,885	3.10
19,250	Schroder ISF Asian Opportunities <sup>1</sup>	403,537	4.22
		<b>700,422</b>	<b>7.32</b>
	<b>Europe (ex UK) 8.21%</b>		
21	Euro Stoxx 50 Equity Index Futures December 2022 <sup>2</sup>	25,139	0.26
21	Euro Stoxx 50 Equity Index Futures December 2023 <sup>2</sup>	24,044	0.25
116,991	Fidelity Investment Funds - Index Europe ex UK Fund P Accumulation <sup>1</sup>	171,415	1.79
651,438	LF Lightman European Fund I Accumulation <sup>1</sup>	565,448	5.91
		<b>786,046</b>	<b>8.21</b>
	<b>Japan 8.79%</b>		
85,209	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	<b>842,046</b>	<b>8.79</b>
	<b>North America 29.11%</b>		
5,886	AB SICAV I - International Health Care Portfolio <sup>1</sup>	671,254	7.02
48,796	Artisan Partners Global - Global Value <sup>1</sup>	646,550	6.76
59,722	iShares Core S&P 500 UCITS ETF USD <sup>1</sup>	1,466,882	15.33
		<b>2,784,686</b>	<b>29.11</b>
	<b>United Kingdom 23.84%</b>		
794,862	Investec Fund Series i - UK Alpha <sup>1</sup>	880,628	9.20
452,288	Majedie UK Focus <sup>1</sup>	840,215	8.78
123,533	Threadneedle UK Extended Alpha Fund <sup>1</sup>	561,052	5.86
		<b>2,281,895</b>	<b>23.84</b>

## 7IM SELECT ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 31 May 2020

Holding	Portfolio of Investment	Value £	31.05.20 %
	<b>FORWARD CURRENCY CONTRACTS 0.32%</b>		
€70,000	Vs £(58,676) Expiry 16.10.2020	4,709	0.05
US\$(480,000)	Vs £393,418 Expiry 17.07.2020	4,007	0.04
US\$(250,000)	Vs £203,099 Expiry 17.07.2020	281	–
US\$448,001	Vs £(342,419) Expiry 17.07.2020	21,032	0.22
US\$200,000	Vs £(161,625) Expiry 17.07.2020	630	0.01
		<b>30,659</b>	<b>0.32</b>
	<b>Portfolio of investment</b>	<b>9,361,739</b>	<b>97.84</b>
	Net other assets	206,229	2.16
	<b>Net assets</b>	<b>9,567,968</b>	<b>100.00</b>

There are no comparative figures as the Sub-fund launched on 12 July 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

## 7IM SELECT ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the period ended 31 May 2020

	Notes	£	12.07.19 to 31.05.20 <sup>1</sup> £
Income			
Net capital losses	4		(116,053)
Revenue	5	48,043	
Expenses	6	(90,863)	
Interest payable and similar charges	8	<u>(325)</u>	
Net expense before taxation for the period		(43,145)	
Taxation	7	<u>(10)</u>	
Net expense after taxation for the period			<u>(43,155)</u>
<b>Total return before distributions</b>			<b>(159,208)</b>
Distributions	8		<u>(32)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b><u>(159,240)</u></b>

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

for the period ended 31 May 2020

		£	12.07.19 to 31.05.20 <sup>1</sup> £
<b>Opening net assets attributable to shareholders</b>			–
Amounts received on creation of shares <sup>2</sup>		11,036,807	
Amounts paid on cancellation of shares <sup>2</sup>		<u>(1,310,657)</u>	
			9,726,150
Dilution levy			1,058
Change in net assets attributable to shareholders from investment activities			<u>(159,240)</u>
<b>Closing net assets attributable to shareholders</b>			<b><u>9,567,968</u></b>

<sup>1</sup> There are no comparative figures shown as the Sub-fund launched on 12 July 2019.

<sup>2</sup> Stated at mid-market price.

The notes on pages 132 to 140 are an integral part of these Financial Statements.

# 7IM SELECT ADVENTUROUS FUND

## BALANCE SHEET

as at 31 May 2020

	Notes	31.05.20 <sup>1</sup> £
<b>ASSETS</b>		
Fixed assets:		
Investments		9,361,739
Current assets:		
Debtors	9	328,545
Cash and bank balances	10	70,486
<b>Total assets</b>		<u>9,760,770</u>
<b>LIABILITIES</b>		
Creditors:		
Bank overdrafts	10	(39,459)
Other creditors	11	(153,343)
<b>Total liabilities</b>		<u>(192,802)</u>
<b>Net assets attributable to shareholders</b>		<u>9,567,968</u>

<sup>1</sup>There are no comparative figures shown as the Sub-fund launched 12 July 2019.

The notes on pages 132 to 140 are an integral part of these Financial Statements.

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 May 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 9.

### 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 9 to 11.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 11 to 13.

### 4 Net capital losses

**12.07.19**  
**to**  
**31.05.20**  
**£**

The net capital losses during the period comprise:

Non-derivative securities	(209,300)
Derivative contracts	103,106
Forward currency contracts	(2,771)
Currency gains	1,582
Transaction charges	(9,962)
AMC rebates from underlying investments	1,292
Net capital losses	<u>(116,053)</u>

### 5 Revenue

**12.07.19**  
**to**  
**31.05.20**  
**£**

Non-taxable dividends	39,864
Taxable dividends	7,355
Unfranked interest	747
Bank interest	37
Stock lending revenue <sup>1</sup>	40
Total revenue	<u>48,043</u>

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

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 6 Expenses

	12.07.19 to 31.05.20 £
Payable to the ACD, associates of the ACD and agents of either of them:	
ACD's periodic charge	46,776
Other expenses	3,517
	<u>50,293</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	1,174
Safe custody and other bank charges	14,117
	<u>15,291</u>
Other Expenses:	
Audit fee	9,000
Dealing and exchange fees	296
FCA and other Regulatory fees	162
Legal and professional fees	385
Market data fees	1,865
Printing, postage and distribution costs	7,734
Risk analysis fees	5,837
	<u>25,279</u>
Total expenses	<u>90,863</u>

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 7 Taxation

	12.07.19 to 31.05.20 £
<i>a) Analysis of charge for the period</i>	
Irrecoverable CIS income tax	10
Current tax charge (note 7b)	10
Total taxation	10
<i>b) Factors affecting current tax charge for the period</i>	
The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised fund (20%) for the reasons explained below.	
Net expense before taxation	(43,145)
Corporation tax at 20%	(8,629)
Effects of:	
AMC rebates taken to capital	259
Irrecoverable CIS income tax w/off	10
Non-taxable dividends	(7,973)
Unutilised excess management expenses	16,343
Current tax charge (note 7a)	10

#### *c) Deferred tax*

There is no deferred tax provision in the current period.

At the period end there is a potential deferred tax asset of £16,343 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:

	12.07.19 to 31.05.20 £
Interim	–
Final	–
Add: Revenue deducted on cancellation of shares	62
Deduct: Revenue received on issue of shares	(30)
Net distributions for the period	32
Interest payable and similar charges	325
Total distribution	357

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 141 and 142.

Distributions represented by:

Net expense after taxation	(43,155)
Allocations to capital:	
Income deficit	43,187
Net distributions for the period	<u>32</u>

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

#### 9 Debtors

	<b>31.05.20</b>
	£
Amounts receivable for issue of shares	181,950
Sales awaiting settlement	130,000
Accrued revenue	15,762
AMC rebates from underlying investments	833
Total debtors	<u>328,545</u>

#### 10 Cash and bank balances

	<b>31.05.20</b>
	£
Cash and bank balances	39,993
Cash held at clearing houses	30,493
Total cash and bank balances	<u>70,486</u>
Bank overdrafts	(39,334)
Cash overdraft at clearing houses	(125)
Total bank overdrafts	<u>(39,459)</u>

#### 11 Other Creditors

	<b>31.05.20</b>
	£
Amounts payable for cancellation of shares	117,748
Purchases awaiting settlement	15,762
Accrued expenses	19,833
Total other creditors	<u>153,343</u>

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 May 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 130.

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 97.54%

The net value of creations and cancellations for Pershing Nominees Limited during the period totalled £9,557,607.

Where the Sub-fund invests in 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' and The annual management charge on each class are as follows:

Class C	0.75%
Class S	0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	–	49,145	(101)	–	49,044
Class C Accumulation	–	9,895,311	(917,061)	–	8,978,250
Class S Income	–	10,383	(10,281)	–	102
Class S Accumulation	–	1,302,811	(519,154)	–	783,657

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date.

#### 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 11 to 13. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 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	–	112,568	112,604
US dollar	103	–	2,578,054	2,578,157
Pound sterling	504,347	–	7,720,611	8,224,958
	<u>504,486</u>	<u>–</u>	<u>10,411,233</u>	<u>10,915,719</u>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(161)	–	(161)
US dollar	(93)	(592,229)	(592,322)
Pound sterling	(39,205)	(716,063)	(755,268)
	<u>(39,459)</u>	<u>(1,308,292)</u>	<u>(1,347,751)</u>

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

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2020, the average effective duration was 0.37 years.

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2020

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	(125)	112,568	112,443
US dollar	10	1,985,825	1,985,835
	<u>(115)</u>	<u>2,098,393</u>	<u>2,098,278</u>
Pound sterling	640,344	6,829,346	7,469,690
Net assets	<u>640,229</u>	<u>8,927,739</u>	<u>9,567,968</u>

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

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

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk (VaR) to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process. VaR will be used by the Sub-fund on a daily basis in accordance with the requirements of the Central Bank pursuant to which VaR of the Sub-fund's portfolio shall not exceed 2.3% of the Net Asset Value of the Sub-fund and the one-tailed confidence interval shall not be less than 99% with a one day holding period. The historical observation period will be not less than 1 year.

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. 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 period ended 31 May 2020 was 109%, 266% and 170% 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	31.05.20 £	12.07.19 £
<b>Futures Contracts</b>		
Royal Bank of Scotland	49,183	–
<b>Forward Currency Contracts</b>		
Northern Trust	30,659	–
<b>Total net exposure<sup>1</sup></b>	79,842	–

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

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the period ended 31 May 2020

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

31 May 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Collective Investment Schemes	9,281,897	–	–	9,281,897
Derivatives	49,183	30,659	–	79,842
<b>Total</b>	<b>9,331,080</b>	<b>30,659</b>	<b>–</b>	<b>9,361,739</b>



# 7IM SELECT ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

### Interim - in pence per share<sup>1</sup>

Group 1 - Shares purchased prior to 12 July 2019

Group 2 - Shares purchased on or after 12 July 2019 and on or before 30 November 2019

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

	Net Revenue	Equalisation	Allocated 31.01.20
<b>Class C Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

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

	Net Revenue	Equalisation	Allocated 31.01.20
<b>Class S Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

## 7IM SELECT ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

#### Final - in pence per share<sup>1</sup>

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
<b>Class C Income<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

	Net Revenue	Equalisation	Allocated 31.07.20
<b>Class C Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

	Net Revenue	Equalisation	Paid 31.07.20
<b>Class S Income<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

	Net Revenue	Equalisation	Allocated 31.07.20
<b>Class S Accumulation<sup>2</sup></b>			
Group 1	–	–	–
Group 2	–	–	–

<sup>1</sup> The Sub-fund launched on 12 July 2019.

<sup>2</sup> 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 OPPORTUNITY 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 Opportunity Funds ('the Company') as a UCITS scheme and requires the ACD to comply with a series of obligations. In particular, the ACD is required to provide investors with information on the use of securities financing transactions ('SFT's) and total return swaps ('TRS') by the Company in all interim and annual reports for the Company published from 13 January 2017.

The following details the SFTR activities of the Sub-funds during the period ended 31 May 2020 as at the balance sheet date.

#### 7IM Real Return 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 £93,855,609 as at 31 May 2020 and the income earned for the year ended 31 May 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

<b>Securities on loan,% of lendable assets</b>	<b>% of NAV</b>	<b>Income earned £</b>	<b>Income to Agent £</b>
0%	0%	1,948	584

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty. As at 31 May 2020, no collateral arrangements were in place in respect of securities lending transactions.

#### 7IM Select Moderately Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-funds total lendable assets of £5,418,381 and net asset value of £36,137,488 as at 31 May 2020<sup>1</sup> and the income earned for the period ended 31 May 2020<sup>1</sup>. 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 is not considered lendable due to any market, regulatory, investment or other restriction.

<b>Securities on loan,% of lendable assets</b>	<b>% of NAV</b>	<b>Income earned £</b>	<b>Income to Agent £</b>
12.18%	1.83%	263	79

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.

<sup>1</sup> The Sub-fund launched 12 July 2019.

## 7IM OPPORTUNITY FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Select Moderately Cautious Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 May 2020<sup>1</sup>.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Goldman Sachs	US	659,899	675,823
<b>Total</b>		<b>659,899</b>	<b>675,823</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 31 May 2020<sup>1</sup>.

Currency	Collateral received £
US dollar	675,823
<b>Total</b>	<b>675,823</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 31 May 2020<sup>1</sup>.

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	–	–	–	675,823	–	675,823
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>675,823</b>	<b>–</b>	<b>675,823</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 31 May 2020<sup>1</sup>, 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.

<sup>1</sup> The Sub-fund launched 12 July 2019.

## 7IM OPPORTUNITY FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Select Moderately Cautious Fund (continued)

#### Collateral (continued)

	Custodian	Non-cash collateral received £
Northern Trust		675,823

#### 7IM Select Balanced Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-funds total lendable assets of £17,261,235 and net asset value of £133,293,057 as at 31 May 2020<sup>1</sup> and the income earned for the period ended 31 May 2020<sup>1</sup>. 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 is 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 £
13.04%	1.69%	977	293

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 31 May 2020<sup>1</sup>.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Goldman Sachs	US	2,250,105	2,303,924
<b>Total</b>		<b>2,250,105</b>	<b>2,303,924</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 31 May 2020<sup>1</sup>.

Currency	Collateral received £
US dollar	2,303,924
<b>Total</b>	<b>2,303,924</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.

<sup>1</sup> The Sub-fund launched 12 July 2019.

## 7IM OPPORTUNITY FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Select Balanced Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 31 May 2020<sup>1</sup>.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	–	2,303,924	–	2,303,924
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	–	–	–	<b>2,303,924</b>	–	<b>2,303,924</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 for equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 31 May 2020<sup>1</sup>, 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	2,303,924

#### 7IM Select Moderately Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-funds total lendable assets of £9,050,091 and net asset value of £67,173,521 as at 31 May 2020<sup>1</sup> and the income earned for the period ended 31 May 2020<sup>1</sup>. 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 is 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 £
12.26%	1.65%	499	150

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.

<sup>1</sup> The Sub-fund launched 12 July 2019.

## 7IM OPPORTUNITY FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Select Moderately Adventurous Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 May 2020<sup>1</sup>.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Goldman Sachs	US	1,109,485	1,136,149
<b>Total</b>		<b>1,109,485</b>	<b>1,136,149</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 31 May 2020<sup>1</sup>.

Currency	Collateral received £
US dollar	1,136,149
<b>Total</b>	<b>1,136,149</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 31 May 2020<sup>1</sup>.

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	–	–	–	1,136,149	–	1,136,149
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,136,149</b>	<b>–</b>	<b>1,136,149</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 for equity securities are presented as open transactions as they are not subject to a contractual maturity date.

<sup>1</sup> The Sub-fund launched 12 July 2019.

## 7IM OPPORTUNITY FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Select Moderately Adventurous Fund (continued)

##### Collateral (continued)

As at 31 May 2020<sup>1</sup>, 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	1,136,149

#### 7IM Select 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 £9,567,968 as at 31 May 2020<sup>1</sup> and the income earned for the period 31 May 2020<sup>1</sup>. 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.

	<b>% of NAV</b>	<b>Income earned £</b>	<b>Income to Agent £</b>
<b>Securities on loan,% of lendable assets</b>			
0%	0%	58	17

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty. As at 31 May 2020<sup>1</sup>, no collateral arrangements were in place in respect of securities lending transactions.

<sup>1</sup> The Sub-fund launched 12 July 2019.

# 7IM OPPORTUNITY 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.

### Classes of Shares

The Company has the following active share classes 'C' Accumulation, 'D' Accumulation and 'S' Accumulation. The Company can issue any share class in accordance with the Prospectus.

Holders of Income shares are entitled to be paid the income attributable to such shares in respect of each annual or interim accounting period, as applicable to the relevant sub-fund.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

The valuation point of the Company is 12:00pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### Buying and Selling Shares

The dealing office of the ACD is normally open from 9.00am to 5.30pm London time on each business day. The ACD may vary these times at its discretion. Requests to deal in shares may also be made by telephone on each business day (at the ACD's discretion) between 9.00am and 5.30pm London time directly to the office of the ACD (telephone: 0870 870 7431 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

### Prices

The prices of all shares are published on: [www.fundlistings.com](http://www.fundlistings.com) and the ACD'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 ACD's normal business hours.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, [www.7im.co.uk](http://www.7im.co.uk).

## 7IM OPPORTUNITY FUNDS

### GENERAL INFORMATION (continued)

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

#### Data Protection Act

Shareholders' names will be added to a mailing list which may be used by the ACD, 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 ACD requesting their removal from any such mailing list.

#### Risk Warning

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

#### Assessment of value

For each of its sub-funds, Seven Investment Management LLP, will publish an Assessment of Value covering the financial period ended 31 May 2020. These statements will be available on Seven Investment Management's website no later than 30 September 2020.

3rd Floor  
55 Bishopsgate  
London EC2N 3AS  
Telephone: 020 7760 8777  
[www.7im.co.uk](http://www.7im.co.uk)

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Investment Management