

# 7IM OPPORTUNITY FUNDS

Annual Report and Audited Financial Statements  
for the year ended 31 May 2024

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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 Pathbuilder 1 Fund  
7IM Pathbuilder 2 Fund  
7IM Pathbuilder 3 Fund  
7IM Pathbuilder 4 Fund



# 7IM OPPORTUNITY FUNDS

## DIRECTORY

### **Authorised Corporate Director ('ACD')**

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London EC2R 7HJ

(Authorised and regulated by the Financial Conduct Authority)

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

*Address for correspondence:*

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Sunderland

SR43 4BG

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

A. Grace (Non-executive Chair)

D. Proctor (Executive)

D. Walker (Executive)

D. Young (Non-executive)

E. Chambers (Non-executive)\*

\* Effective as at 31 July 2024.

### **Depository**

Northern Trust Investor Services Limited

50 Bank Street

Canary Wharf

London E14 5NT

(Authorised and regulated by the Financial Conduct Authority)

### **Registrar & Administrator**

Northern Trust Global Services SE (UK Branch)

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London

E14 5NT

(principal place of business)

### **Independent Auditor**

BDO LLP

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London W1U 7EU

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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.

As at the date of publication, and following a period of sustained outflows, the ACD is reviewing the viability of the 7IM Select Moderately Cautious Fund, with specific consideration for any potential action that may be required to protect the interests of its remaining investors. As a result, the ACD has expressed an intention to propose a merger and subsequently terminate the fund subject to regulator and investor approval. Therefore, the financial statements for these sub-funds have been produced on a basis other than going concern for the current period.

The financial statements for the 7IM Real Return Fund, 7IM Select Balanced Fund, 7IM Select Moderately Adventurous Fund, 7IM Select Adventurous Fund, 7IM Pathbuilder 1 Fund, 7IM Pathbuilder 2 Fund, 7IM Pathbuilder 3 Fund and 7IM Pathbuilder 4 Fund have been prepared on a going concern basis.

### 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 Company.

The total remuneration of those individuals who are fully or partly involved in the activities of the Company for the financial year ending 31 December 2023, is analysed below:

Fixed Remuneration	£3,137,968
Variable Remuneration	£761,607
<b>Total</b>	<b>£3,899,575</b>
FTE Number of staff:	30

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

Aggregate remuneration of:

Senior management	£762,500
Staff whose actions may have a material impact on the funds	£1,853,528
Other	£1,283,547
<b>Total</b>	<b>£3,899,575</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

### SUB-FUND CROSS-HOLDINGS

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

### 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

26 September 2024

## 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 or expense and net gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice, as issued by the Investment Association in May 2014 ('SORP') and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so. As disclosed in note 2(a) to the financial statements, as at the date of publication, and following a period of sustained outflows, the ACD is reviewing the viability of the 7IM Select Moderately Cautious Fund, with specific consideration for any potential action that may be required to protect the interests of its remaining investors. As a result, the ACD has expressed an intention to propose a merger and subsequently terminate the fund subject to regulator and investor approval and in consequence, the financial statements for this sub-fund has been prepared on a basis other than going concern;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

## 7IM 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 YEAR ENDED 31 MAY 2024

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

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

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

The Depositary must ensure that:

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

### REPORT OF THE DEPOSITARY

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

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

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

Northern Trust Investor Services Limited  
UK Trustee and Depositary Services  
26 September 2024

# 7IM OPPORTUNITY FUNDS

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

### Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the sub-funds as at 31 May 2024 and of the net revenue and the net capital gains or losses on the scheme property attributable to the sub-funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Instrument of Incorporation, the Statement of Recommended Practice for the Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 and amended in June 2017, (the "SORP"), and the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority ("the COLL Rules").

We have audited the financial statements of 7IM Opportunity Funds ("the Company") and its sub-funds for the year ended 31 May 2024 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Notes to the Financial Statements, including a summary of significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the SORP, the COLL Rules and the Instrument of Incorporation.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate for the Company, 7IM Real Return Fund, 7IM Select Balanced Fund, 7IM Select Moderately Adventurous Fund, 7IM Select Adventurous Fund, 7IM Pathbuilder 1 Fund, 7IM Pathbuilder 2 Fund, 7IM Pathbuilder 3 Fund and 7IM Pathbuilder 4 Fund.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or 7IM Real Return Fund, 7IM Select Balanced Fund, 7IM Select Moderately Adventurous Fund, 7IM Select Adventurous Fund, 7IM Pathbuilder 1 Fund, 7IM Pathbuilder 2 Fund, 7IM Pathbuilder 3 Fund and 7IM Pathbuilder 4 Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Emphasis of matter – financial statements of 7IM Select Moderately Cautious Fund prepared on a basis other than going concern

We draw attention to Note 2(a) to the financial statements which explains that the ACD has expressed an intention to propose a merger; and subsequently terminate the 7IM Select Moderately Cautious fund subject to regulator and investor approval. Therefore the ACD does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements of 7IM Select Moderately Cautious fund. Accordingly, the financial statements of this sub-fund have been prepared on a basis other than going concern as described in Note 2(a). Our opinion is not modified in respect of this matter.

### Other information

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

## 7IM OPPORTUNITY FUNDS

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM OPPORTUNITY FUNDS

('THE COMPANY') (continued)

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the COLL Rules**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the ACD report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- we have been given all the information and explanations which, to best of our knowledge and belief, are necessary for the purpose our audit.

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

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

#### **Responsibilities of Authorised Corporate Director ("ACD")**

As explained more fully in the Statement of ACD's Responsibilities in relation to the financial statements, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company and its sub-funds' ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

##### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Company and sub-funds and the industry in which they operate;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the ACD's policies and procedures regarding compliance with laws and regulations;

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

We focused on laws and regulations that could give rise to a material misstatement.

Our procedures in respect of the above included:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;

## 7IM OPPORTUNITY FUNDS

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

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

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

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the ACD's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment we considered the opportunity and incentive for fraud to be low, albeit our audit work focused on the valuation of investments, where the risk of material misstatement is most significant.

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

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

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

#### **Use of our report**

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

DocuSigned by:

*Elizabeth Hooper*

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Elizabeth Hooper (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

26 September 2024

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

# 7IM OPPORTUNITY FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1. Statement of Compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP) and amended in June 2017, the Collective Investment Schemes Sourcebook ("the COLL Rules") and the Instrument of Incorporation.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

##### **7IM Select Moderately Cautious Fund**

As at the date of publication, and following a period of sustained outflows, the ACD is reviewing the viability of the 7IM Select Moderately Cautious Fund, with specific consideration for any potential action that may be required to protect the interests of its remaining investors. As a result, the ACD has expressed an intention to propose a merger; and subsequently terminate the fund subject to regulator and investor approval. Therefore, the ACD does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements of the 7IM Select Moderately Cautious Fund. Accordingly, the financial statements of this sub-fund has been prepared on a basis other than going concern. No adjustments were required in the financial statements as a result of them being prepared on a basis other than going concern.

##### **Other sub funds:**

The financial statements for the 7IM Real Return Fund, 7IM Select Balanced Fund, 7IM Select Moderately Adventurous Fund, 7IM Select Adventurous Fund, 7IM Pathbuilder 1 Fund, 7IM Pathbuilder 2 Fund, 7IM Pathbuilder 3 Fund and 7IM Pathbuilder 4 Fund 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 SORP 2014, as amended in June 2017. The principal accounting policies that have been applied consistently during the accounting year are set out below.

#### (b) Functional and Presentation Currency

The functional and presentation currency of the Company is Pounds Sterling.

#### (c) Recognition of revenue

Dividends on quoted equities and preference shares which are deemed as equity instruments are recognised when the securities are quoted ex-dividend.

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

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

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

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

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

# 7IM OPPORTUNITY FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

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

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

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

#### (e) *Treatment of expenses*

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) *Capped expenses*

Other expenses payable out of the property of the sub-funds, which exceed 0.05% of the Pathbuilder 1 Sub-fund, the Pathbuilder 2 Sub-fund, the Pathbuilder 3 Sub-fund and the Pathbuilder 4 Sub-fund are met by the ACD. Other expenses payable out of the property of the sub-funds, which exceed 0.15% of the Select Moderately Cautious Sub-fund and the Select Adventurous Sub-fund are met by the ACD.

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

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

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

#### (h) *Taxation*

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

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

#### (i) *Distribution policy*

For the purpose of calculating the distribution, the ACD's periodic charge is deducted from revenue for all sub-funds within this Company except from 7IM Select Moderately Cautious Fund which is deducted from Capital and 7IM Select Balanced Fund which is split between revenue and income. 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.

# 7IM OPPORTUNITY FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

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

All investments are valued at their fair value as at 12 noon on 31 May 2024, being the last business day of the financial year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

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

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

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

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

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

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

#### (k) *Exchange rates*

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at 12.00pm UK time of 31 May 2024, being the last business day of the financial period.

#### (l) *Dilution levy*

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

#### (m) *Stock lending*

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

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

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

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

## 7IM OPPORTUNITY FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

##### (n) Cash and cash equivalents

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

#### 3. Risk Management Policies

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

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

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

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

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.

## 7IM OPPORTUNITY FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

*(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.

*(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 2024

### Investment Objective and Policy

The investment objective of 7IM Real Return Fund ('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.

### Comparator Benchmark

The Consumer Prices Index-All Items (plus 2%) has been selected as a target benchmark because it is a key measure of consumer inflation in the United Kingdom and is therefore an appropriate target for the Sub-fund. Shareholders should use the Index to assess the performance of the Sub-fund.

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 3.88%<sup>1</sup>.

The Sub-fund slightly outperformed its target benchmark of CPI+2% over 1 year. This was driven mainly by its liquid alternative risk premia strategies, which benefitted from the underlying strategies such as trend following on top of high cash rates used as funding for derivatives. The 1 year, 3 year and 5 year relative performance to the benchmark was 0.34%, (26.20%), (27.63%) respectively.

#### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year US Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

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

# 7IM REAL RETURN FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Investment Background (continued)

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding its way to new highs.

#### Portfolio Review

The Real Return Fund balances a mix of alternative-like exposures that can deliver an absolute return through a variety of market environments. As such, we split assets into a variety of alternative categories to traditional asset classes. These include alternative risk premia, alternative yield assets, directional assets, real assets and defensive and hedging assets.

Alternative yield assets were up over the period and a key driver of portfolio, mainly driven by the allocation to the debt of European banks. This position struggled in March 2023 when Swiss regulators approved the sale of Credit Suisse and subsequent write down of AT1 debt of the bank. The position recovered strongly since then and was a tailwind to the portfolio over the period. This position was up around 25%. Other positions in this bucket include the TwentyFour monument bond fund, which takes broad exposure to structured credit, which returned close to 10%. The performance of this basket has offered a robust foundation to portfolio returns.

Our allocation to liquid alternatives contributed strongly to portfolio performance over the period. The basket is a highly diversified collection of assets from the other specialist fund providers, as well as strategies constructed by investment banks. We added to investments in this basket through the period, to take the total weight in this basket to around 43% at the end of the reporting period.

Equity dispersion or volatility relative value monetises the premium available from hedging and income seeking investors in the options market. The strategy performs well when index securities are volatile while the index volatility remains muted. This strategy has performed very well since we first added to the position, but we took the opportunity to reduce the position in the period, as valuations in the space had become stretched.

Real assets were mixed in terms of performance, with the holding in Gold benefitting strongly through the period but assets in infrastructure and related vehicles struggled. The latter have face a headwind from the broader rate environment and many now sit at a discount to their published NAVs. We continue to monitor these on a bottom-up basis to assess the ongoing portfolio benefits, with the position facing competition in pure yield from much higher nominal bond yields.

# 7IM REAL RETURN FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Portfolio Review (continued)

Over the period we made several changes to the portfolio. Firstly, we removed Brook Absolute Return Fund, following manager change. Elsewhere in the alternatives category, we added diversification by the addition of a UBS commodity carry product and a trend implementation by JPM, on top of the dispersion reduction mentioned previously. In the bond space, we made selective additions to the short end of the gilt curve, including via inflation linked gilts in line with the mandate. At points, the nominal yield available in bonds for the first time in recent history allowed us the opportunity to add at levels close to the strategy's CPI+2% objective.

Over the period, realised levels of inflation continued to fall, with a CPI+2% target return of close to 4% for the period. We are exiting a period of extraordinary inflation, with measures beginning to fall toward long run expected levels, in line with the Bank of England's target. In this environment, we believe the portfolio is well placed to delivery on its objective, given the portfolio changes we have made to take advantage of the prevailing market conditions.

#### Investment Outlook

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

Over the next 12 months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left over at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

There's no one answer – When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM REAL RETURN FUND

### FUND INFORMATION

The Comparative Tables on pages 20 to 22 give the performance of each active share class in the Sub-fund.

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

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

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

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) 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

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	157.63	156.76	161.67
Return before operating charges*	7.46	2.33	(3.31)
Operating charges (calculated on average price)	(1.34)	(1.46)	(1.60)
Return after operating charges*	6.12	0.87	(4.91)
Distributions	(2.23)	(2.20)	(1.70)
Retained distributions on accumulation shares	2.23	2.20	1.70
Closing net asset value per share	163.75	157.63	156.76
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.03

### Performance

Return after charges <sup>2</sup>	3.88%	0.55%	(3.04)%
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### Other Information

Closing net asset value (£'000)	63,795	71,327	76,244
Closing number of shares	38,958,867	45,250,553	48,637,309
Operating charges <sup>3</sup>	0.84%	0.94%	1.00%
Direct transaction costs	0.01%	0.01%	0.02%

### Prices

Highest share price	164.37	160.36	162.27
Lowest share price	154.79	149.27	155.96

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

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

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

# 7IM REAL RETURN FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	166.28	164.90	169.59
Return before operating charges*	7.76	2.35	(3.60)
Operating charges (calculated on average price)	(0.82)	(0.97)	(1.09)
Return after operating charges*	6.94	1.38	(4.69)
Distributions	(2.84)	(2.78)	(2.24)
Retained distributions on accumulation shares	2.84	2.78	2.24
Closing net asset value per share	173.22	166.28	164.90
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	4.17%	0.84%	(2.77)%
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#### Other Information

Closing net asset value (£'000)	149	160	262
Closing number of shares	85,987	96,080	158,833
Operating charges <sup>3</sup>	0.49%	0.59%	0.65%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	173.85	169.06	170.23
Lowest share price	163.33	157.17	163.95

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

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

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

# 7IM REAL RETURN FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	132.93	132.09	136.11
Return before operating charges*	6.26	1.94	(2.81)
Operating charges (calculated on average price)	(0.99)	(1.10)	(1.21)
Return after operating charges*	5.27	0.84	(4.02)
Distributions	(1.99)	(1.96)	(1.53)
Retained distributions on accumulation shares	1.99	1.96	1.53
Closing net asset value per share	138.20	132.93	132.09
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	3.96%	0.64%	(2.95)%
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#### Other Information

Closing net asset value (£'000)	6,644	6,320	6,355
Closing number of shares	4,808,210	4,754,397	4,811,405
Operating charges <sup>3</sup>	0.74%	0.84%	0.90%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	138.72	135.21	136.63
Lowest share price	130.54	125.81	131.39

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

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

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

# 7IM REAL RETURN FUND

## FUND INFORMATION (continued)

### Ongoing Charges Figures

As at 31 May 2024

	<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%
	0.60%	0.25%	0.50%
Collective investment scheme costs	0.24%	0.24%	0.24%
Ongoing Charges Figure	0.84%	0.49%	0.74%

As at 31 May 2023

	<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%
	0.60%	0.25%	0.50%
Collective investment scheme costs	0.34%	0.34%	0.34%
Ongoing Charges Figure	0.94%	0.59%	0.84%

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.

On 25 May 2022, the Sub-fund suspended its securities lending programme.

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 2024 was three. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 year	3 years	5 years
7IM Real Return Fund <sup>1</sup>	3.88	1.45	8.75

<sup>1</sup> Source: Bloomberg.

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

Details of the distributions per share for the year are shown in the Distribution Tables on page 39.

# 7IM REAL RETURN FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>ALTERNATIVES 35.47% (28.49%)<sup>1</sup></b>		
	<b>Alternative Strategies 27.33% (21.61%)<sup>1</sup></b>		
3,444,000	BNP Paribas Issuance 0.00% 08/07/2024 <sup>2</sup>	3,281,302	4.65
2,690,000	JP Morgan Structured Products 0.00% 08/07/2025 <sup>2</sup>	2,315,531	3.28
4,940,000	JP Morgan Structured Products 0.00% 13/10/2026 <sup>2</sup>	3,686,167	5.22
3,848,000	SG Defensive Short Term Equity Strategy 0.00% 22/12/2025 <sup>2</sup>	3,209,489	4.55
3,802,000	SG Issuer 0.00% 25/11/2025 <sup>2</sup>	3,201,605	4.54
37,707	UBS AG London 0.00% 20/10/2027	3,594,347	5.09
		<b>19,288,441</b>	<b>27.33</b>
	<b>Infrastructure 8.14% (6.88%)<sup>1</sup></b>		
858,957	Greencoat UK Winds	1,200,822	1.70
958,341	HICL Infrastructure	1,174,926	1.67
935,155	International Public Partnerships	1,146,500	1.62
1,087,798	Renewables Infrastructure	1,082,359	1.53
1,458,607	Sequoia Economic Infrastructure Income	1,145,006	1.62
		<b>5,749,613</b>	<b>8.14</b>
	<b>DEBT SECURITIES 15.18% (0.00%)<sup>1</sup></b>		
	<b>Global Government Bonds 15.18% (0.00%)<sup>1</sup></b>		
£5,205,000	UK Treasury Bonds 0.625% 07/06/2025	4,990,300	7.07
£3,890,000	UK Treasury IL Bonds 0.125% 22/03/2026	5,726,843	8.11
		<b>10,717,143</b>	<b>15.18</b>
	<b>EQUITY 0.00% (6.19%)<sup>1</sup></b>		
	<b>North America 0.00% (6.19%)<sup>1</sup></b>		
	<b>FUTURES CONTRACTS -0.12% (-0.44%)<sup>1</sup></b>		
	<b>United States -0.12% (-0.44%)<sup>1</sup></b>		
(20)	S&P 500 CME Futures June 2024	<b>(86,347)</b>	<b>(0.12)</b>
	<b>FORWARD CURRENCY CONTRACTS -0.14% (0.51%)<sup>1</sup></b>		
€330,000	Vs £(283,619) Expiry 18.10.2024	(569)	—
US\$(53,852,000)	Vs £42,334,182 Expiry 12.07.2024	12,712	0.02
¥789,500,000	Vs £(4,145,880) Expiry 15.11.2024	(103,900)	(0.15)
US\$15,600,000	Vs £(12,263,486) Expiry 12.07.2024	(3,682)	(0.01)
		<b>(95,439)</b>	<b>(0.14)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 45.13% (54.33%)<sup>1</sup></b>		
	<b>Guernsey 0.00% (1.65%)<sup>1</sup></b>		
	<b>Ireland 10.78% (5.92%)<sup>1</sup></b>		
19,703	Source Physical Gold P-ETC	3,500,759	4.96
59,307	Xtrackers S&P 500 Equal Weight UCITS ETF	4,106,417	5.82
		<b>7,607,176</b>	<b>10.78</b>
	<b>Jersey 1.56% (1.47%)<sup>1</sup></b>		
323,624	3i Infrastructure	<b>1,098,704</b>	<b>1.56</b>
	<b>Luxembourg 24.65% (30.77%)<sup>1</sup></b>		
38,903	AQR - Managed Futures UCITS Fund	4,380,911	6.21
36,461	BlackRock Strategic Funds - Global Event Driven Fund	4,447,843	6.30
52,492	BlueBay Financial Capital Bond	5,359,934	7.59

## 7IM REAL RETURN FUND

### PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>COLLECTIVE INVESTMENT SCHEMES 45.13% (54.33%)<sup>1</sup> (continued)</b>		
	<b>Luxembourg 24.65% (30.77%)<sup>1</sup> (continued)</b>		
23,533	Fulcrum Equity Dispersion Fund	3,214,566	4.55
		<b>17,403,254</b>	<b>24.65</b>
	<b>United Kingdom 8.14% (14.52%)<sup>1</sup></b>		
5,504,974	MI TwentyFour - Monument Bond Fund	5,742,387	8.14
	<b>Portfolio of investment</b>	<b>67,424,932</b>	<b>95.52</b>
	Net other assets <sup>3</sup>	3,163,561	4.48
	<b>Net assets</b>	<b>70,588,493</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £1,000,000 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

	31.05.24 %	31.05.23 %
<b>Credit Quality</b>		
Investment grade debt securities	15.18	—
Non-rated debt securities	27.33	21.61
Other investments	53.01	67.47
Net other assets	4.48	10.92
	<b>100.00</b>	<b>100.00</b>

## 7IM REAL RETURN FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		1,999,302		(650,545)
Revenue		1,715,116		1,772,020	
Expenses	6	(465,932)		(474,485)	
Interest payable and similar charges	8	(8,718)		(3,299)	
Net revenue before taxation for the year		1,240,466		1,294,236	
Taxation	7	(130,361)		(179,230)	
Net revenue after taxation for the year			1,110,105		1,115,006
<b>Total return before distributions</b>			3,109,407		464,461
Distributions	8		(1,110,256)		(1,116,976)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,999,151		(652,515)

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

for the year ended 31 May 2024

		31.05.24		31.05.23
		£	£	£
<b>Opening net assets attributable to shareholders</b>		77,806,622		82,860,727
Amounts received on creation of shares <sup>1</sup>	23,976,852		27,046,958	
Amounts paid on cancellation of shares <sup>1</sup>	(34,260,315)		(32,547,355)	
		(10,283,463)		(5,500,397)
Change in net assets attributable to shareholders from investment activities		1,999,151		(652,515)
Retained distribution on accumulation shares		1,066,183		1,098,807
<b>Closing net assets attributable to shareholders</b>		70,588,493		77,806,622

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

The notes on pages 29 to 38 are an integral part of these financial statements.

# 7IM REAL RETURN FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		67,619,430	69,873,108
Current assets:			
Debtors	9	534,140	539,764
Cash and bank balances	10	2,310,222	4,551,061
Cash equivalents	10	1,000,000	4,000,000
<b>Total assets</b>		<b>71,463,792</b>	<b>78,963,933</b>
<b>LIABILITIES</b>			
Investment liabilities		(194,498)	(563,814)
Creditors:			
Bank overdrafts	10	(21,011)	(23,352)
Other creditors	11	(659,790)	(570,145)
<b>Total liabilities</b>		<b>(875,299)</b>	<b>(1,157,311)</b>
<b>Net assets attributable to shareholders</b>		<b>70,588,493</b>	<b>77,806,622</b>

The notes on pages 29 to 38 are an integral part of these financial statements.

# 7IM REAL RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	3,039,796	1,203,852
Derivative contracts	(922,161)	764,667
Forward currency contracts	(75,117)	(2,568,811)
Currency losses	(44,137)	(59,982)
CSDR penalty reimbursement	105	–
AMC rebates from underlying investments	816	9,729
Net capital gains/(losses)	1,999,302	(650,545)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	467,415	410,227
Taxable dividends	911,874	1,181,125
Unfranked interest	230,871	82,502
AMC rebates from underlying investments	13,397	21,196
Bank interest	91,559	76,904
Stock lending revenue <sup>1</sup>	–	66
Total revenue	1,715,116	1,772,020

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

### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	465,932	474,485
Total expenses	465,932	474,485

Please refer to note 2(e) Treatment of expenses on page 12 for further details.

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	130,361	179,230
Current tax charge (note 7b)	130,361	179,230
Total taxation	130,361	179,230

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.

	31.05.24 £	31.05.23 £
Net revenue before taxation	1,240,466	1,294,236
Corporation tax at 20%	248,093	258,847
Effects of:		
AMC rebates taken to capital	163	1,946
Indexed gilt edged securities adjustment	(25,606)	–
Non-taxable dividends	(92,289)	(81,563)
Total tax charge (note 7a)	130,361	179,230

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2023: none).

At the year end, there is no potential deferred tax asset (2023: none).

#### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	711,190	890,254
Final	354,993	208,553
	1,066,183	1,098,807
Add: Revenue deducted on cancellation of shares	77,857	76,517
Deduct: Revenue received on issue of shares	(33,784)	(58,348)
Net distributions for the year	1,110,256	1,116,976
Interest payable and similar charges	8,718	3,299
Total distribution	1,118,974	1,120,275

# 7IM REAL RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on page 39.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	1,110,105	1,115,006
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	163	1,946
Equalisation on conversions <sup>2</sup>	1	–
Net movement in revenue account	(13)	24
Net distributions for the year	1,110,256	1,116,976

<sup>1</sup> Please refer to note 2(i) Distributions policy on page 12 for further details.

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

### 9 Debtors

	31.05.24 £	31.05.23 £
Amounts receivable for issue of shares	237,986	265,943
Accrued revenue	271,650	261,898
AMC rebates from underlying investments	24,504	11,923
Total debtors	534,140	539,764

### 10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	2,032,586	3,903,665
Cash held at clearing houses	277,636	647,396
Cash equivalents	1,000,000	4,000,000
Total cash and bank balances	3,310,222	8,551,061
Bank overdrafts	–	(21,558)
Cash overdraft at clearing houses	(21,011)	(1,794)
Total bank overdrafts	(21,011)	(23,352)

### 11 Other creditors

	31.05.24 £	31.05.23 £
Amounts payable for cancellation of shares	582,295	268,760
Purchases awaiting settlement	–	188,281
Accrued expenses	37,134	38,874
Corporation tax payable	40,361	74,230
Total other creditors	659,790	570,145

# 7IM REAL RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £37,134 (2023: £38,874).

The amounts receivable from 7IM (the 'ACD') as at year end are £Nil (2023: £Nil). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 27. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £237,986 (2023: £265,943) and £582,295 (2023: £268,760), accordingly.

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

Pershing Nominees Limited	57.54% (2023: 51.80%)
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The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £353,963 (2023: (£5,399,876)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £Nil and £Nil (2023: £Nil and £Nil), accordingly.

### 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	45,250,553	14,959,066	(21,243,301)	(7,451)	38,958,867
Class D Accumulation	96,080	–	(10,093)	–	85,987
Class S Accumulation	4,754,397	247,760	(202,780)	8,833	4,808,210

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: 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 14 to 15. 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 2024

#### 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 2024

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
US dollar	–	19,288,442	3,500,759	22,789,201
Pound sterling	3,310,222	10,717,143	34,647,226	48,674,591
	3,310,222	30,005,585	38,147,985	71,463,792

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
US dollar	(21,011)	–	(86,346)	(107,357)
Pound sterling	–	–	(767,942)	(767,942)
	(21,011)	–	(854,288)	(875,299)

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	286,695	286,695
Japanese yen	–	–	4,677,278	4,677,278
US dollar	–	16,812,680	30,389,402	47,202,082
Pound sterling	8,551,061	–	84,744,986	93,296,047
	8,551,061	16,812,680	120,098,361	145,462,102

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
US dollar	(1,794)	–	(47,087,245)	(47,089,039)
Pound sterling	(21,558)	–	(20,544,883)	(20,566,441)
	(23,352)	–	(67,632,128)	(67,655,480)

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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	
	31.05.24	31.05.23	31.05.24	31.05.23
	%	%	Years	Years
Pound sterling	2.30	—	1.44	—
US dollar	(30.56)	(7.87)	1.41	1.33

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 2024, the average effective duration was 0.50 years (31 May 2023: 0.30 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	(21,011)	22,702,855	22,681,844
	(21,011)	22,702,855	22,681,844
Pound sterling	3,184,572	44,722,077	47,906,649
Net assets	3,163,561	67,424,932	70,588,493

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	—	286,695	286,695
Japanese yen	—	4,677,278	4,677,278
US dollar	(1,794)	114,837	113,043
	(1,794)	5,078,810	5,077,016
Pound sterling	8,499,122	64,230,484	72,729,606
Net assets	8,497,328	69,309,294	77,806,622

# 7IM REAL RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 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 3.1% 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 around 200% of the Net Asset Value of the Sub-fund and is not expected to exceed 400%. 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 2024 was 101%, 118% and 110% respectively (31 May 2023: 90%, 136% and 107% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Chicago Board of Trade	(86,347)	(340,262)
<b>Forward Currency Contracts</b>		
Northern Trust	(95,439)	399,631
<b>Structured Products</b>		
BNP Paribas	3,281,302	5,100,000
JP Morgan	6,001,698	4,738,898
Societe Generale	6,411,094	6,973,783
<b>Total net exposure<sup>1</sup></b>	<b>15,512,308</b>	<b>16,872,050</b>

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

# 7IM REAL RETURN FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 15 Risks Disclosures (continued)

#### iv. Fair value

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

##### Level 1

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

##### Level 2

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

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

##### Level 3

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2024</b>				
<b>Assets</b>				
Bonds	3,209,489	26,796,096	–	30,005,585
Collective Investment Schemes	31,851,520	–	–	31,851,520
Derivatives	–	12,712	–	12,712
Equities	5,749,613	–	–	5,749,613
<b>Total</b>	<b>40,810,622</b>	<b>26,808,808</b>	<b>–</b>	<b>67,619,430</b>
<b>Liabilities</b>				
Derivatives	(86,346)	(108,152)	–	(194,498)
<b>31 May 2023</b>				
<b>Assets</b>				
Bonds	–	16,812,681	–	16,812,681
Collective Investment Schemes	7,030,257	35,237,788	–	42,268,045
Derivatives	–	623,183	–	623,183
Equities	10,169,199	–	–	10,169,199
<b>Total</b>	<b>17,199,456</b>	<b>52,673,652</b>	<b>–</b>	<b>69,873,108</b>
<b>Liabilities</b>				
Derivatives	(340,262)	(223,552)	–	(563,814)

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 19.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	23,356	—	—	—	—	—
Collective Investment Schemes	7,809	—	—	—	—	—
Equities	6,294	1	2	3	0.02	0.03
<b>Total</b>	<b>37,459</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>0.02</b>	<b>0.03</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	10,458	—	—	—	—	—
Collective Investment Schemes	21,980	—	—	—	—	—
Equities	10,007	(1)	—	(1)	(0.01)	—
<b>Total</b>	<b>42,445</b>	<b>(1)</b>	<b>—</b>	<b>(1)</b>	<b>(0.01)</b>	<b>—</b>

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	3,492	—	—	—	—	—
Collective Investment Schemes	6,574	—	—	—	—	—
Equities	6,610	3	3	6	0.05	0.05
<b>Total</b>	<b>16,676</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>0.05</b>	<b>0.05</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	11,090	—	—	—	—	—
Collective Investment Schemes	16,313	—	—	—	—	—
Equities	829	—	—	—	—	—
<b>Total</b>	<b>28,232</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

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

## 7IM REAL RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

##### **Average portfolio dealing spread**

As at the balance sheet date, the average portfolio dealing spread was 0.21% (2023: 0.27%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 163.88p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 167.53p. This represents an increase of 2.23% from the year end value.

# 7IM REAL RETURN FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2024

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.4159	—	1.4159	1.7790
Group 2	1.1573	0.2586	1.4159	1.7790

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class D Accumulation</b>				
Group 1	1.7328	—	1.7328	2.1007
Group 2	1.7328	—	1.7328	2.1007

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class S Accumulation</b>				
Group 1	1.2492	—	1.2492	1.5515
Group 2	1.1973	0.0519	1.2492	1.5515

### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	0.8168	—	0.8168	0.4169
Group 2	0.6579	0.1589	0.8168	0.4169

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class D Accumulation</b>				
Group 1	1.1057	—	1.1057	0.6746
Group 2	1.1057	—	1.1057	0.6746

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class S Accumulation</b>				
Group 1	0.7451	—	0.7451	0.4050
Group 2	0.5405	0.2046	0.7451	0.4050

### 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 year ended 31 May 2024

### Investment Objective and Policy

7IM Select Moderately Cautious 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), other transferable securities such as government and corporate bonds, warrants, structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

Up to 20% of the Sub-fund will usually be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above. 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.

### Comparator Benchmark

The Sub-fund's performance may be compared to the ARC Sterling Cautious Private Client Index which has been chosen because it is representative of the Sub-fund's risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the Sub-fund's performance.

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 4.74%<sup>1</sup>.

The Sub-fund has performed in line with its ARC PCI performance comparator benchmark over a 1-year period. The Sub-fund benefitted from diversifying away from bonds and into alternatives, however defensive tactical positions such as the underweight to US mega cap tech equities as well as being long the Japanese Yen gave back this performance. The 1 year and 3 year relative performance to the benchmark was (0.38%), (3.89%) respectively.

### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

<sup>1</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 year ended 31 May 2024

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

##### Investment Background (continued)

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding its way to new highs.

##### Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchase in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our strategic asset allocation (SAA) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in increasing equity exposure, with a small reduction in alternatives, as well as maintaining the duration and credit exposure.

## 7IM SELECT MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Portfolio Review (continued)

In October 2023, we slightly reduced our position in Climate Transition Leaders, re-allocating to US equal weight. We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We have also increased the duration of our portfolios through the adding to US and UK bonds during October 2023. The rise in yields offers us an opportunity. Our view is that a sluggish and sideways world is likely to persist. This means bond yields are unlikely to come down tomorrow. Across US and UK bonds, yields are well over 4% and in some cases around 5%. If central banks are successful at reigning in inflation (hitting their targets of 2%), the bonds offer attractive inflation-beating returns over the long-run.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds.

In January 2024 we took the opportunity to trim our fixed income exposure a little, following a change in our quantitative duration models - taking some profits from the addition made the previous quarter.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads to high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, following the annual refresh of our Strategic Asset Allocation, we began tilting the portfolios in the direction of the changes - resulting in additions to equities and government bonds, funded by reductions in credit. At the same time, we also integrated the below tactical changes to AT1's.

Further narrowing of AT1 credit spreads to high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

## 7IM SELECT MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left over at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

There's no one answer – When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook that calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

As at the date of publication, and following a period of sustained outflows, the ACD is reviewing the viability of the 7IM Select Moderately Cautious Fund, with specific consideration for any potential action that may be required to protect the interests of its remaining investors. As a result, the ACD has expressed an intention to propose a merger and subsequently terminate the fund subject to regulator and investor approval and in consequence, the financial statements for this sub-fund has been prepared on a basis other than going concern.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM SELECT MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 45 to 48 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

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	95.21	99.81	106.91
Return before operating charges*	5.62	(1.78)	(4.50)
Operating charges (calculated on average price)	(1.17)	(1.23)	(1.38)
Return after operating charges*	4.45	(3.01)	(5.88)
Distributions on income shares	(1.99)	(1.59)	(1.22)
Closing net asset value per share	97.67	95.21	99.81
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	4.67%	(3.02)%	(5.50)%
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#### Other Information

Closing net asset value (£'000)	2,533	3,543	4,282
Closing number of shares	2,593,335	3,721,316	4,290,772
Operating charges <sup>3</sup>	1.22%	1.27%	1.31%
Direct transaction costs	(0.01)%	0.00%	0.00%

#### Prices

Highest share price	100.10	100.00	108.48
Lowest share price	91.73	92.70	98.34

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 49.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	99.02	102.11	108.13
Return before operating charges*	5.92	(1.83)	(4.62)
Operating charges (calculated on average price)	(1.23)	(1.26)	(1.40)
Return after operating charges*	4.69	(3.09)	(6.02)
Distributions	(2.08)	(1.62)	(1.23)
Retained distributions on accumulation shares	2.08	1.62	1.23
Closing net asset value per share	103.71	99.02	102.11
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	4.74%	(3.03)%	(5.57)%
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#### Other Information

Closing net asset value (£'000)	22,068	32,773	37,737
Closing number of shares	21,279,907	33,095,793	36,956,154
Operating charges <sup>3</sup>	1.22%	1.27%	1.31%
Direct transaction costs	(0.01)%	0.00%	0.00%

#### Prices

Highest share price	105.33	103.48	109.72
Lowest share price	95.41	94.85	100.49

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 49.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	96.20	100.82	107.30
Return before operating charges*	5.82	(1.88)	(3.86)
Operating charges (calculated on average price)	(0.95)	(1.00)	(1.12)
Return after operating charges*	4.87	(2.88)	(4.98)
Distributions on income shares	(1.17)	(1.74)	(1.50)
Closing net asset value per share	99.90	96.20	100.82
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	5.06%	(2.86)%	(4.64)%
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#### Other Information

Closing net asset value (£'000)	—	—	—
Closing number of shares	108	108	108
Operating charges <sup>3</sup>	0.97%	1.02%	1.06%
Direct transaction costs	(0.01)%	0.00%	0.00%

#### Prices

Highest share price	101.79	101.28	109.20
Lowest share price	93.27	93.78	99.33

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 49.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	99.92	102.83	108.62
Return before operating charges*	5.92	(1.89)	(4.65)
Operating charges (calculated on average price)	(0.98)	(1.02)	(1.14)
Return after operating charges*	4.94	(2.91)	(5.79)
Distributions	(2.09)	(1.65)	(1.28)
Retained distributions on accumulation shares	2.09	1.65	1.28
Closing net asset value per share	104.86	99.92	102.83
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	4.94%	(2.83)%	(5.33)%
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#### Other Information

Closing net asset value (£'000)	2,217	13,605	4,008
Closing number of shares	2,114,687	13,616,151	3,897,688
Operating charges <sup>3</sup>	0.97%	1.02%	1.06%
Direct transaction costs	(0.01)%	0.00%	0.00%

#### Prices

Highest share price	106.49	104.35	110.29
Lowest share price	96.36	95.58	101.18

<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 49.

## 7IM SELECT MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses <sup>1</sup>	0.15%	0.15%
	0.90%	0.65%
Collective investment scheme costs	0.32%	0.32%
Ongoing Charges Figure	1.22%	0.97%

As at 31 May 2023

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.16%	0.16%
	0.91%	0.66%
Collective investment scheme costs	0.36%	0.36%
Ongoing Charges Figure	1.27%	1.02%

<sup>1</sup> Effective 2 October 2023, other expenses is capped at 0.15%.

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

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 year end date 31 May 2024 was four. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 year	3 years	Since Launch
7IM Select Moderately Cautious Fund <sup>1, 2</sup>	4.74	(3.91)	3.70

<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 year are shown in the Distribution Tables on pages 66 and 67.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>ALTERNATIVES 6.77% (6.42%)<sup>1</sup></b>		
	<b>Alternative Strategies 6.77% (6.42%)<sup>1</sup></b>		
710,000	JP Morgan Structured Products 0.00% 12/10/2026 <sup>2</sup>	589,006	2.20
818,000	SG Issuer 0.00% 18/11/2025 <sup>2</sup>	688,826	2.56
5,659	UBS AG London 0.00% 20/10/2027	539,433	2.01
		<b>1,817,265</b>	<b>6.77</b>
	<b>EQUITY 2.98% (5.24%)<sup>1</sup></b>		
	<b>North America 0.00% (2.03%)<sup>1</sup></b>		
	<b>United Kingdom 2.98% (3.21%)<sup>1</sup></b>		
926	Goldman Sachs International 2024	<b>796,543</b>	<b>2.98</b>
	<b>FUTURES CONTRACTS 0.02% (0.10%)<sup>1</sup></b>		
	<b>Germany 0.02% (0.03%)<sup>1</sup></b>		
8	EUX Europe ex-UK Futures June 2024	<b>6,520</b>	<b>0.02</b>
	<b>United Kingdom 0.00% (0.02%)<sup>1</sup></b>		
	<b>United States 0.00% (0.05%)<sup>1</sup></b>		
	<b>FORWARD CURRENCY CONTRACTS -0.24% (0.25%)<sup>1</sup></b>		
€563,243	Vs £(484,080) Expiry 18.10.2024	(971)	—
€(370,295)	Vs £318,250 Expiry 18.10.2024	639	—
US\$(1,089,000)	Vs £861,052 Expiry 12.07.2024	5,223	0.02
US\$(15,839,000)	Vs £12,451,369 Expiry 12.07.2024	3,739	0.01
¥260,000,000	Vs £(1,365,331) Expiry 15.11.2024	(34,217)	(0.12)
US\$5,995,071	Vs £(4,712,850) Expiry 12.07.2024	(1,415)	(0.01)
US\$1,450,000	Vs £(1,148,227) Expiry 12.07.2024	(8,694)	(0.03)
US\$1,089,000	Vs £(868,444) Expiry 12.07.2024	(12,615)	(0.05)
US\$875,000	Vs £(702,558) Expiry 12.07.2024	(14,909)	(0.06)
		<b>(63,220)</b>	<b>(0.24)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 85.56% (76.77%)<sup>1</sup></b>		
	<b>Ireland 23.69% (15.55%)<sup>1</sup></b>		
10,865	Barings Emerging Markets Debt Blended Total Return	1,350,682	5.04
360,027	HSBC Global Funds ICAV - Global Government Bond Index Fund	2,634,317	9.82
71,851	iShares Global Inflation-Linked Bond Index	785,380	2.93
5,072	Vanguard Investment Series - Euro Government Bond Index Fund	525,567	1.96
10,655	Vanguard Investment Series - US Government Bond Index Fund	1,056,649	3.94
		<b>6,352,595</b>	<b>23.69</b>
	<b>Japan 1.34% (1.61%)<sup>1</sup></b>		
222,243	M&G Japan Fund Sterling	<b>359,389</b>	<b>1.34</b>
	<b>Luxembourg 31.05% (35.27%)<sup>1</sup></b>		
6,361	AB SICAV I - International Health Care Portfolio	1,051,162	3.92
96,047	Amundi US Treasury Bond Long Dated UCITS ETF	910,910	3.40
4,626	AQR - Managed Futures UCITS Fund	520,956	1.94
4,700	BlackRock Global Funds - World Mining Fund	280,526	1.05
2,170	BlackRock Strategic Funds - Global Event Driven Fund	264,770	0.99
5,418	BlueBay Financial Capital Bond	553,275	2.06
317	Candriam Absolute Return Equity Market Neutral	534,533	1.99
3,881	Fulcrum Equity Dispersion Fund	530,088	1.98
2,179	Pictet-Japanese Equity Selection A3	358,030	1.33
25,685	Robeco Global Credits Acc	2,883,953	10.76

## 7IM SELECT MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>COLLECTIVE INVESTMENT SCHEMES 85.56% (76.77%)<sup>1</sup> (continued)</b>		
	<b>Luxembourg 31.05% (35.27%)<sup>1</sup> (continued)</b>		
17,009	Schroder ISF Asian Opportunities	437,597	1.63
		<b>8,325,800</b>	<b>31.05</b>
	<b>United Kingdom 29.48% (24.34%)<sup>1</sup></b>		
541,942	Fidelity Investment Funds ICVC - UK Select Fund	674,717	2.52
505,238	iShares Global Property Securities Index	1,096,810	4.09
627,536	iShares US Equity Esg Index Fund UK	622,272	2.32
396,893	JPMorgan Fund ICVC - Emerging Markets Income	430,232	1.60
405,120	LF Lightman European Fund I Accumulation	641,994	2.39
165,843	Man GLG Income Fund	680,621	2.54
214,092	Ninety One Funds Series III - Global Environment Fund	335,761	1.25
10,425	PFS TwentyFour Dynamic Bond	1,004,165	3.74
198,689	Premier Miton European Opportunities	666,602	2.49
136,762	Premier Miton US Opportunities Fund	568,111	2.12
1,133,902	Schroder Prime UK Equity Fund	673,311	2.51
5,794	Vanguard UK Long Duration Gilt Index Fund	512,462	1.91
		<b>7,907,058</b>	<b>29.48</b>
	<b>Portfolio of investment</b>	<b>25,501,950</b>	<b>95.09</b>
	Net other assets <sup>3</sup>	1,316,943	4.91
	<b>Net assets</b>	<b>26,818,893</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Deutsche Global Liquidity Managed Sterling Fund Platinum to the value of £1,083,905 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

	31.05.24 %	31.05.23 %
<b>Credit Quality</b>		
Non-rated debt securities	4.76	6.42
Other investments	90.33	82.36
Net other assets	4.91	11.22
	<b>100.00</b>	<b>100.00</b>

## 7IM SELECT MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		1,210,992		(1,839,712)
Revenue		976,159		1,007,711	
Expenses	6	(318,086)		(405,177)	
Interest payable and similar charges	8	(2,706)		(1,239)	
Net revenue before taxation for the year		655,367		601,295	
Taxation	7	(93,291)		(86,704)	
Net revenue after taxation for the year			562,076		514,591
<b>Total return/(loss) before distributions</b>			1,773,068		(1,325,121)
Distributions	8		(780,006)		(786,381)
<b>Change in net assets attributable to shareholders from investment activities</b>			993,062		(2,111,502)

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

for the year ended 31 May 2024

		31.05.24		31.05.23
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		49,921,252		46,027,093
Amounts received on creation of shares <sup>1</sup>	5,574,310		14,725,933	
Amounts paid on cancellation of shares <sup>1</sup>	(30,296,436)		(9,481,405)	
		(24,722,126)		5,244,528
Dilution levy		4,133		—
Change in net assets attributable to shareholders from investment activities		993,062		(2,111,502)
Retained distribution on accumulation shares		622,572		761,133
<b>Closing net assets attributable to shareholders</b>		26,818,893		49,921,252

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

The notes on pages 55 to 65 are an integral part of these financial statements.

## 7IM SELECT MODERATELY CAUTIOUS FUND

### BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		25,574,771	44,393,007
Current assets:			
Debtors	9	157,499	114,890
Cash and bank balances	10	976,875	2,483,379
Cash equivalents	10	1,083,905	4,199,399
<b>Total assets</b>		<b>27,793,050</b>	<b>51,190,675</b>
<b>LIABILITIES</b>			
Investment liabilities		(72,821)	(72,240)
Creditors:			
Bank overdrafts	10	—	(72)
Distribution payable	8	(22,917)	(18,172)
Other creditors	11	(878,419)	(1,178,939)
<b>Total liabilities</b>		<b>(974,157)</b>	<b>(1,269,423)</b>
<b>Net assets attributable to shareholders</b>		<b>26,818,893</b>	<b>49,921,252</b>

The notes on pages 55 to 65 are an integral part of these financial statements.

# 7IM SELECT MODERATELY CAUTIOUS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on a basis other than going concern as the ACD has expressed an intention to propose a merger; and subsequently terminate the 7IM Select Moderately Cautious fund subject to regulator and investor approval.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	1,731,968	(847,590)
Derivative contracts	(230,919)	(312,363)
Forward currency contracts	(277,399)	(836,054)
Currency (losses)/gains	(3,008)	146,998
Transaction charges	(15,266)	(8,588)
CSDR penalty reimbursement	23	345
AMC rebates from underlying investments	5,593	17,540
Net capital gains/(losses)	1,210,992	(1,839,712)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	199,791	185,317
Taxable dividends	728,399	755,754
Unfranked interest	(20,109)	(34,402)
AMC rebates from underlying investments	18,868	63,114
Bank interest	49,210	37,928
Total revenue	976,159	1,007,711

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	270,096	334,191
Other expenses	6,249	5,632
	<u>276,345</u>	<u>339,823</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	6,835	8,717
Safe custody and other bank charges	21,896	23,642
	<u>28,731</u>	<u>32,359</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,072
Dealing and exchange fees	1,139	945
FCA and other regulatory fees	163	160
Legal and professional fees	483	1,212
Market data fees	4,462	3,993
Printing, postage and distribution costs	8,677	7,731
Risk analysis fees	10,475	9,882
Subsidy of other expenses by the ACD <sup>2</sup>	(26,404)	–
	<u>13,010</u>	<u>32,995</u>
Total expenses	<u>318,086</u>	<u>405,177</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

<sup>2</sup> Please refer to Note 2(f) Capped expenses on page 12 for further details.

#### 7 Taxation

	31.05.24 £	31.05.23 £
a) <i>Analysis of charge for the year</i>		
Corporation tax at 20%	93,291	86,704
Current tax charge (note 7b)	93,291	86,704
Total taxation	<u>93,291</u>	<u>86,704</u>
b) <i>Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	655,367	601,295
Corporation tax at 20%	131,073	120,259
Effects of:		
AMC rebates taken to capital	1,119	3,509
Non-taxable dividends	(38,901)	(37,064)
Total tax charge (note 7a)	<u>93,291</u>	<u>86,704</u>
c) <i>Deferred tax</i>		
There is no deferred tax provision in the current year (2023: none).		

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 7 Taxation (continued)

At the year end, there is no potential deferred tax asset (2023: none).

#### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	454,703	570,898
Final <sup>1</sup>	240,675	254,746
	<hr/> 695,378	<hr/> 825,644
Add: Revenue deducted on cancellation of shares	115,060	38,809
Deduct: Revenue received on issue of shares	(30,432)	(78,072)
Net distributions for the year	<hr/> 780,006	<hr/> 786,381
Interest payable and similar charges	2,706	1,239
Total distribution	<hr/> 782,712	<hr/> 787,620

Details of the distributions per share are set out in the table on pages 66 and 67.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	562,076	514,591
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	217,195	270,861
Equalisation on conversions <sup>3</sup>	721	933
Net movement in revenue account	14	(4)
Net distributions for the year	<hr/> 780,006	<hr/> 786,381

<sup>1</sup> Distribution payable at the year end of £22,917 (2023: £18,172) are disclosed in the Balance Sheet on page 54.

<sup>2</sup> Please refer to Note 2(i) Distribution Policy on page 12 for further details.

<sup>3</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

	31.05.24 £	31.05.23 £
Amounts receivable for issue of shares	68,674	39,000
Accrued revenue	35,790	48,231
Income tax recoverable	8,400	7,087
AMC rebates from underlying investments	18,231	20,572
Prepaid expenses	26,404	—
Total debtors	<hr/> 157,499	<hr/> 114,890

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	966,896	2,316,290
Cash held at clearing houses	9,979	167,089
Cash equivalents	1,083,905	4,199,399
Total cash and bank balances	2,060,780	6,682,778
Bank overdrafts	–	(1)
Cash overdraft at clearing houses	–	(71)
Total bank overdrafts	–	(72)

#### 11 Other creditors

	31.05.24 £	31.05.23 £
Amounts payable for cancellation of shares	730,356	916,273
Purchases awaiting settlement	12,326	114,555
Accrued expenses	42,446	61,407
Corporation tax payable	93,291	86,704
Total other creditors	878,419	1,178,939

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £16,872 (2023: £28,126).

The amounts receivable from 7IM (the 'ACD') as at year end are £26,404 (2023: £Nil). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 53. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £68,674 (2023: £39,000) and £730,356 (2023: £916,273), accordingly.

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% (2023: 100.00%)
---------------------------	-------------------------

The net value of creations and cancellations for Pershing Nominees Limited during the year totaled (£23,092,607) (2023: £3,900,902). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £68,061 and £22,917 (2023: £51,390 and £18,171), accordingly.

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	3,721,316	251,204	(1,350,247)	(28,938)	2,593,335
Class C Accumulation	33,095,793	5,258,437	(17,102,144)	27,821	21,279,907
Class S Income	108	20,006	(1,351,807)	1,331,801	108
Class S Accumulation	13,616,151	102,632	(10,314,917)	(1,289,179)	2,114,687

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	5,822	–	6,520	12,342
US dollar	291	1,817,265	4,653,837	6,471,393
Pound sterling	2,054,667	–	19,254,648	21,309,315
	2,060,780	1,817,265	23,915,005	27,793,050
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(974,157)	(974,157)
	–	–	(974,157)	(974,157)

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	784,835	784,835
Japanese yen	–	–	3,299,865	3,299,865
US dollar	13,714	3,202,924	14,335,982	17,552,620
Pound sterling	6,669,064	–	47,285,429	53,954,493
	<b>6,682,778</b>	<b>3,202,924</b>	<b>65,706,111</b>	<b>75,591,813</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(71)	–	(321,702)	(321,773)
US dollar	(1)	–	(13,849,073)	(13,849,074)
Pound sterling	–	–	(11,499,714)	(11,499,714)
	<b>(72)</b>	<b>–</b>	<b>(25,670,489)</b>	<b>(25,670,561)</b>

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	
	31.05.24 %	31.05.23 %	31.05.24 Years	31.05.23 Years
US dollar	(2.46)	(2.09)	2	2

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2024, the average effective duration was 3.15 years (31 May 2023: 3.16 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

Currency	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	5,822	6,520	12,342
US dollar	291	6,471,102	6,471,393
	<b>6,113</b>	<b>6,477,622</b>	<b>6,483,735</b>
Pound sterling	1,310,830	19,024,328	20,335,158
Net assets	<b>1,316,943</b>	<b>25,501,950</b>	<b>26,818,893</b>

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(71)	463,133	463,062
Japanese yen	–	3,299,865	3,299,865
US dollar	13,713	3,689,833	3,703,546
	13,642	7,452,831	7,466,473
Pound sterling	5,586,843	36,867,936	42,454,779
Net assets	5,600,485	44,320,767	49,921,252

##### 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 around 100% of the Net Asset Value of the Sub-fund and is not expected to exceed 260%. 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 2024 was 63%, 83% and 74% respectively (31 May 2023: 39%, 77% and 56%).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

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

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Chicago Board of Trade	–	27,026
Eurex Deutschland	6,520	13,152
London International Futures Exchange	–	11,900
<b>Forward Currency Contracts</b>		
Northern Trust	(63,220)	123,661
<b>Structured Products</b>		
JP Morgan	589,006	1,196,060
Societe Generale	688,826	940,758
<b>Total net exposure<sup>1</sup></b>	<b>1,221,132</b>	<b>2,312,557</b>

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

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

##### Level 1

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

##### Level 2

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

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

##### Level 3

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2024</b>				
<b>Assets</b>				
Bonds	–	1,817,265	–	1,817,265
Collective Investment Schemes	22,391,567	553,275	–	22,944,842
Derivatives	6,520	9,601	–	16,121
Equities	796,543	–	–	796,543
<b>Total</b>	<b>23,194,630</b>	<b>2,380,141</b>	<b>–</b>	<b>25,574,771</b>
<b>Liabilities</b>				
Derivatives	–	(72,821)	–	(72,821)
<b>31 May 2023</b>				
<b>Assets</b>				
Bonds	–	3,202,924	–	3,202,924
Collective Investment Schemes	14,559,219	23,768,948	–	38,328,167
Derivatives	52,078	195,901	–	247,979
Equities	2,613,937	–	–	2,613,937
<b>Total</b>	<b>17,225,234</b>	<b>27,167,773</b>	<b>–</b>	<b>44,393,007</b>
<b>Liabilities</b>				
Derivatives	–	(72,240)	–	(72,240)

## 7IM SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 44.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	2,104	—	—	—	—	—
Collective Investment Schemes	9,896	—	—	—	—	—
Equities	2,520	—	—	—	—	—
<b>Total</b>	<b>14,520</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	3,507	—	—	—	—	—
Collective Investment Schemes	28,130	—	—	—	—	—
Derivatives	963	—	—	—	—	—
Equities	2,732	—	—	—	—	—
<b>Total</b>	<b>35,332</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>		

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	1,637	—	—	—	—	—
Collective Investment Schemes	27,718	—	—	—	—	—
Derivatives	1,885	—	—	—	—	—
Equities	81	—	—	—	—	—
<b>Total</b>	<b>31,321</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	1,937	—	—	—	—	—
Collective Investment Schemes	22,238	—	—	—	—	—
Derivatives	1,891	—	—	—	—	—
Equities	866	—	—	—	—	—
<b>Total</b>	<b>26,932</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 SELECT MODERATELY CAUTIOUS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

##### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.01% (2023: 0.01%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 103.70p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 107.62p. This represents an increase of 3.78% from the year end value.

As at the date of publication, and following a period of sustained outflows, the ACD is reviewing the viability of the 7IM Select Moderately Cautious Fund, with specific consideration for any potential action that may be required to protect the interests of its remaining investors. As a result, the ACD has expressed an intention to propose a merger and subsequently terminate the fund subject to regulator and investor approval and in consequence, the financial statements for this sub-fund has been prepared on a basis other than going concern.

# 7IM SELECT MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2024

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	1.1048	—	1.1048	1.0969
Group 2	0.7730	0.3318	1.1048	1.0969

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.1492	—	1.1492	1.1187
Group 2	0.5917	0.5575	1.1492	1.1187

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class S Income</b>				
Group 1	1.1706	—	1.1706	1.1839
Group 2	0.5159	0.6547	1.1706	1.1839

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class S Accumulation</b>				
Group 1	1.1539	—	1.1539	1.1387
Group 2	0.9195	0.2344	1.1539	1.1387

### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	0.8837	—	0.8837	0.4883
Group 2	0.7384	0.1453	0.8837	0.4883

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	0.9299	—	0.9299	0.5052
Group 2	0.3538	0.5761	0.9299	0.5052

## 7IM SELECT MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24 <sup>1</sup>	Paid 31.07.23
<b>Class S Income</b>				
Group 1	—	—	—	0.5549
Group 2	—	—	—	0.5549
	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class S Accumulation</b>				
Group 1	0.9399	—	0.9399	0.5095
Group 2	0.8920	0.0479	0.9399	0.5095

<sup>1</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 BALANCED FUND

## ACD'S REPORT

for the year ended 31 May 2024

### Investment Objective and Policy

7IM Select Balanced 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), other transferable securities such as government and corporate bonds, warrants and structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

Up to 20% of the Sub-fund will be invested in assets such as cash, and deposits, and may also include the use of money market funds and money market instruments, for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above.

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.

### Comparator Benchmark

The Sub-Fund's performance may be compared to the ARC Sterling Balanced Asset Private Client Index which has been chosen because it is representative of the Sub-Fund's risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the Sub-Fund's performance.

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 6.88%<sup>1</sup>.

The Sub-fund has slightly underperformed its ARC PCI performance comparator benchmark over a 1-year period. The Sub-fund benefitted from diversifying away from bonds and into alternatives, however defensive tactical positions such as the underweight to US mega cap tech equities as well as being long the Japanese Yen gave back this performance. The 1 year and 3 year relative performance to the benchmark was (1.69%), (2.21%) respectively.

### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

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

## 7IM SELECT BALANCED FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Background (continued)

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding its way to new highs.

##### Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchase in mid-2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

# 7IM SELECT BALANCED FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Portfolio Review (continued)

In August 2023, we refreshed our strategic asset allocation (SAA) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in increasing equity exposure, with a small reduction in alternatives, as well as maintaining the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders, re-allocating to US equal weight. We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We have also increased the duration of our portfolios through the adding to US and UK bonds during October 2023. The rise in yields offers us an opportunity. Our view is that a sluggish and sideways world is likely to persist. This means bond yields are unlikely to come down tomorrow. Across US and UK bonds, yields are well over 4% and in some cases around 5%. If central banks are successful at reigning in inflation (hitting their targets of 2%), the bonds offer attractive inflation-beating returns over the long-run.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds.

In January 2024 we took the opportunity to trim our fixed income exposure a little, following a change in our quantitative duration models - taking some profits from the addition made the previous quarter.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads to high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, following the annual refresh of our Strategic Asset Allocation, we began tilting the portfolios in the direction of the changes - resulting in additions to equities and government bonds, funded by reductions in credit. At the same time, we also integrated the below tactical changes to AT1's.

Further narrowing of AT1 credit spreads to high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

#### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left over at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into 'technical' recession in the next three months, but a sluggish growth environment is already here.

## 7IM SELECT BALANCED FUND

### **ACD'S REPORT** (continued) for the year ended 31 May 2024

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

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

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

There's no one answer – When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook which calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM SELECT BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 73 to 76 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

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	102.85	105.53	110.93
Return before operating charges*	8.15	0.07	(3.03)
Operating charges (calculated on average price)	(1.20)	(1.21)	(1.38)
Return after operating charges*	6.95	(1.14)	(4.41)
Distributions on income shares	(1.85)	(1.54)	(0.99)
Closing net asset value per share	107.95	102.85	105.53
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	6.76%	(1.08)%	(3.98)%
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#### Other Information

Closing net asset value (£'000)	11,466	8,554	10,951
Closing number of shares	10,621,771	8,317,096	10,377,060
Operating charges <sup>3</sup>	1.14%	1.17%	1.26%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	110.58	108.04	113.65
Lowest share price	99.57	99.03	103.05

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 77.

# 7IM SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	106.16	107.32	111.81
Return before operating charges*	8.48	0.08	(3.09)
Operating charges (calculated on average price)	(1.24)	(1.24)	(1.40)
Return after operating charges*	7.24	(1.16)	(4.49)
Distributions	(1.92)	(1.57)	(1.00)
Retained distributions on accumulation shares	1.92	1.57	1.00
Closing net asset value per share	113.40	106.16	107.32
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	6.82%	(1.08)%	(4.02)%
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#### Other Information

Closing net asset value (£'000)	211,497	191,530	173,307
Closing number of shares	186,501,356	180,413,138	161,486,660
Operating charges <sup>3</sup>	1.14%	1.17%	1.26%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	115.41	111.09	114.55
Lowest share price	102.78	100.71	104.76

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 77.

# 7IM SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	31.05.24 <sup>2</sup> (pence per share)	31.05.23 (pence per share)	31.05.22 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	107.18	–	111.25
Return before operating charges*	7.73	–	1.09
Operating charges (calculated on average price)	(0.31)	–	(0.78)
Return after operating charges*	7.42	–	0.31
Distributions on income shares	(2.04)	–	(1.03)
Last quoted share price	–	–	110.53
Closing net asset value per share	112.56	–	–
* After direct transaction costs of: <sup>3</sup>	0.00	–	0.00

#### Performance

Return after charges <sup>4</sup>	6.92%	–	(99.07)%
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#### Other Information

Closing net asset value (£'000)	2,465	–	–
Closing number of shares	2,189,558	–	–
Operating charges <sup>5</sup>	0.89%	–	1.01%
Performance fees	–	–	–
Direct transaction costs	0.00%	–	0.00%

#### Prices

Highest share price	115.35	–	114.08
Lowest share price	103.81	–	103.47

<sup>1</sup> Share class became inactive on 30 March 2022.

<sup>2</sup> Share class became active on 19 July 2023.

<sup>3</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>4</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>5</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 77.

# 7IM SELECT BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	107.16	108.08	112.32
Return before operating charges*	8.51	0.06	(3.11)
Operating charges (calculated on average price)	(0.98)	(0.98)	(1.13)
Return after operating charges*	7.53	(0.92)	(4.24)
Distributions	(2.05)	(1.71)	(1.17)
Retained distributions on accumulation shares	2.05	1.71	1.17
Closing net asset value per share	114.69	107.16	108.08
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.03%	(0.85)%	(3.77)%
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#### Other Information

Closing net asset value (£'000)	31,033	20,485	25,114
Closing number of shares	27,057,349	19,117,367	23,235,598
Operating charges <sup>3</sup>	0.89%	0.92%	1.01%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	116.71	112.04	115.19
Lowest share price	103.83	101.51	105.45

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 77.

## 7IM SELECT BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.05%	0.05%
	<hr/> 0.80%	<hr/> 0.55%
Collective investment scheme costs	0.34%	0.34%
Ongoing Charges Figure	<hr/> 1.14%	<hr/> 0.89%

As at 31 May 2023

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.05%	0.05%
	<hr/> 0.80%	<hr/> 0.55%
Collective investment scheme costs	0.37%	0.37%
Ongoing Charges Figure	<hr/> 1.17%	<hr/> 0.92%

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

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 year end date 31 May 2024 was four. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 year	3 years	Since Launch
7IM Select Balanced Fund <sup>1, 2</sup>	6.88	1.69	13.44

<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 year are shown in the Distribution Tables on pages 94 and 95.

# 7IM SELECT BALANCED FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

			Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>			
	<b>ALTERNATIVES 6.91% (6.08%)<sup>1</sup></b>			
	<b>Alternative Strategies 6.91% (6.08%)<sup>1</sup></b>			
7,480,000	JP Morgan Structured Products 0.00% 12/10/2026 <sup>2</sup>		6,205,307	2.42
7,604,000	SG Issuer 0.00% 18/11/2025 <sup>2</sup>		6,403,211	2.50
53,463	UBS AG London 0.00% 20/10/2027		5,096,257	1.99
			<b>17,704,775</b>	<b>6.91</b>
	<b>EQUITY 3.98% (7.27%)<sup>1</sup></b>			
	<b>North America 0.00% (3.01%)<sup>1</sup></b>			
	<b>United Kingdom 3.98% (4.26%)<sup>1</sup></b>			
11,856	Goldman Sachs 2024		<b>10,198,499</b>	<b>3.98</b>
	<b>FUTURES CONTRACTS 0.03% (0.08%)<sup>1</sup></b>			
	<b>Germany 0.05% (0.02%)<sup>1</sup></b>			
124	EUX Europe ex-UK Futures June 2024		<b>115,672</b>	<b>0.05</b>
	<b>United Kingdom 0.00% (0.02%)<sup>1</sup></b>			
	<b>United States -0.02% (0.04%)<sup>1</sup></b>			
277	MSCI EUX Futures June 2024		<b>(57,699)</b>	<b>(0.02)</b>
	<b>FORWARD CURRENCY CONTRACTS -0.14% (0.17%)<sup>1</sup></b>			
€4,548,276	Vs £(3,909,020) Expiry 18.10.2024		(7,845)	—
€(3,545,195)	Vs £3,046,922 Expiry 18.10.2024		6,115	—
US\$(48,373,000)	Vs £38,027,025 Expiry 12.07.2024		11,419	0.01
¥2,862,500,000	Vs £(15,031,770) Expiry 15.11.2024		(376,710)	(0.15)
US\$22,039,652	Vs £(17,325,831) Expiry 12.07.2024		(5,203)	—
			<b>(372,224)</b>	<b>(0.14)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 77.22% (73.15%)<sup>1</sup></b>			
	<b>Ireland 13.75% (12.71%)<sup>1</sup></b>			
103,954	Barings Emerging Markets Debt Blended Total Return		12,923,561	5.04
1,368,556	HSBC Global Funds ICAV - Global Government Bond Index Fund		10,013,740	3.91
237,585	iShares Global Inflation-Linked Bond Index		2,596,963	1.01
23,505	Vanguard Investment Series - Euro Government Bond Index Fund		2,435,699	0.95
73,537	Vanguard Investment Series - US Government Bond Index Fund		7,292,269	2.84
			<b>35,262,232</b>	<b>13.75</b>
	<b>Japan 2.12% (2.16%)<sup>1</sup></b>			
3,366,329	M&G Japan Fund Sterling		<b>5,443,690</b>	<b>2.12</b>
	<b>Luxembourg 19.44% (21.26%)<sup>1</sup></b>			
563,736	Amundi US Treasury Bond Long Dated UCITS ETF		5,346,472	2.08
44,292	AQR - Managed Futures UCITS Fund		4,987,737	1.94
68,025	BlackRock Global Funds - World Mining Fund		4,060,431	1.58
19,604	BlackRock Strategic Funds - Global Event Driven Fund		2,391,513	0.93
50,597	BlueBay Financial Capital Bond		5,166,488	2.01
2,961	Candriam Absolute Return Equity Market Neutral		4,997,102	1.95
37,157	Fulcrum Equity Dispersion Fund		5,075,661	1.98
34,408	Pictet-Japanese Equity Selection A3		5,653,261	2.20
76,633	Robeco Global Credits Acc		8,604,384	3.35
141,185	Schroder ISF Asian Opportunities		3,632,275	1.42
			<b>49,915,324</b>	<b>19.44</b>

## 7IM SELECT BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>COLLECTIVE INVESTMENT SCHEMES 77.22% (73.15%)<sup>1</sup> (continued)</b>		
	<b>United Kingdom 37.01% (32.13%)<sup>1</sup></b>		
10,200,468	Fidelity Investment Funds ICVC - UK Select Fund	12,699,583	4.95
3,946,223	iShares Global Property Securities Index	8,566,757	3.34
3,271,765	iShares US Equity Esg Index Fund UK	3,244,321	1.27
3,590,499	JPMorgan Fund ICVC - Emerging Markets Income	3,892,100	1.52
4,867,557	LF Lightman European Fund I Accumulation	7,713,617	3.01
3,121,467	Man GLG Income Fund	12,810,500	4.99
4,130,814	Ninety One Funds Series III - Global Environment Fund	6,478,356	2.53
48,652	PFS TwentyFour Dynamic Bond	4,686,276	1.83
2,303,993	Premier Miton European Opportunities	7,729,896	3.01
2,290,316	Premier Miton US Opportunities Fund	9,513,974	3.71
21,336,514	Schroder Prime UK Equity Fund	12,669,622	4.94
55,521	Vanguard UK Long Duration Gilt Index Fund	4,910,364	1.91
		<b>94,915,366</b>	<b>37.01</b>
	<b>United States 4.90% (4.89%)<sup>1</sup></b>		
76,072	AB SICAV I - International Health Care Portfolio	<b>12,570,092</b>	<b>4.90</b>
	<b>Portfolio of investment</b>	<b>225,695,727</b>	<b>88.00</b>
	Net other assets <sup>3</sup>	30,766,028	12.00
	<b>Net assets</b>	<b>256,461,755</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Deutsche Global Liquidity Managed Sterling Fund Platinum to the value of £7,000,000 and shares in the Northern Trust Global Sterling Fund to the value of £15,293,957 which are shown as Cash equivalents in the Balance Sheet of the Sub-fund.

	31.05.24 %	31.05.23 %
<b>Credit Quality</b>		
Non-rated debt securities	6.91	6.08
Other investments	81.09	80.67
Net other assets	12.00	13.25
	<b>100.00</b>	<b>100.00</b>

## 7IM SELECT BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		12,410,220		(4,887,291)
Revenue		5,789,138		4,237,190	
Expenses	6	(1,812,849)		(1,628,065)	
Interest payable and similar charges	8	(42,335)		(5,597)	
Net revenue before taxation for the year		3,933,954		2,603,528	
Taxation	7	(410,171)		(120,737)	
Net revenue after taxation for the year			3,523,783		2,482,791
<b>Total return before distributions</b>			15,934,003		(2,404,500)
Distributions	8		(4,216,573)		(3,113,659)
<b>Change in net assets attributable to shareholders from investment activities</b>			11,717,430		(5,518,159)

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

for the year ended 31 May 2024

		31.05.24	31.05.23
	£	£	£
<b>Opening net assets attributable to shareholders</b>		220,568,841	209,371,063
Amounts received on creation of shares <sup>1</sup>	76,073,598		59,731,311
Amounts paid on cancellation of shares <sup>1</sup>	(56,008,634)		(45,986,353)
		20,064,964	13,744,958
Change in net assets attributable to shareholders from investment activities		11,717,430	(5,518,159)
Retained distribution on accumulation shares		4,110,520	2,970,979
<b>Closing net assets attributable to shareholders</b>		256,461,755	220,568,841

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

The notes on pages 83 to 93 are an integral part of these financial statements.

# 7IM SELECT BALANCED FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		226,143,184	191,675,013
Current assets:			
Debtors	9	742,865	957,708
Cash and bank balances	10	11,676,608	16,467,258
Cash equivalents	10	22,293,957	14,251,150
<b>Total assets</b>		<b>260,856,614</b>	<b>223,351,129</b>
<b>LIABILITIES</b>			
Investment liabilities		(447,457)	(337,348)
Creditors:			
Bank overdrafts	10	—	(180)
Distribution payable	8	(93,651)	(32,428)
Other creditors	11	(3,853,751)	(2,412,332)
<b>Total liabilities</b>		<b>(4,394,859)</b>	<b>(2,782,288)</b>
<b>Net assets attributable to shareholders</b>		<b>256,461,755</b>	<b>220,568,841</b>

The notes on pages 83 to 93 are an integral part of these financial statements.

# 7IM SELECT BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	13,883,936	(1,333,414)
Derivative contracts	905,078	(1,096,939)
Forward currency contracts	(2,425,425)	(2,727,452)
Currency gains	7,323	181,148
Transaction charges	(13,982)	(10,891)
CSDR penalty reimbursement	101	1,123
AMC rebates from underlying investments	53,189	99,134
Net capital gains/(losses)	12,410,220	(4,887,291)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	1,936,288	1,526,927
Taxable dividends	3,595,026	2,582,027
Unfranked interest	(151,032)	(151,961)
AMC rebates from underlying investments	62,022	82,464
Bank interest	346,834	197,733
Total revenue	5,789,138	4,237,190

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,703,930	1,527,160
Other expenses	6,251	5,630
	<u>1,710,181</u>	<u>1,532,790</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	33,772	31,660
Safe custody and other bank charges	25,009	25,975
	<u>58,781</u>	<u>57,635</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	3,460	2,578
FCA and other regulatory fees	163	267
Legal and professional fees	481	1,215
Market data fees	4,465	3,989
Printing, postage and distribution costs	10,817	10,649
Risk analysis fees	10,486	9,871
	<u>43,887</u>	<u>37,640</u>
Total expenses	<u>1,812,849</u>	<u>1,628,065</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	410,171	120,737
Current tax charge (note 7b)	410,171	120,737
Total taxation	410,171	120,737
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	3,933,954	2,603,528
Corporation tax at 20%	786,791	520,706
Effects of:		
AMC rebates taken to capital	10,638	19,827
Non-taxable dividends	(387,258)	(306,915)
Unutilised excess management expenses	–	(112,881)
Total tax charge (note 7a)	410,171	120,737
<i>c) Deferred tax</i>		
There is no deferred tax provision in the current year (2023: none).		
At the year end, there is no potential deferred tax asset (2023: none).		

#### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	2,605,877	2,278,215
Final <sup>1</sup>	1,701,529	843,766
	4,307,406	3,121,981
Add: Revenue deducted on cancellation of shares	247,684	203,407
Deduct: Revenue received on issue of shares	(338,517)	(211,729)
Net distributions for the year	4,216,573	3,113,659
Interest payable and similar charges	42,335	5,597
Total distribution	4,258,908	3,119,256

Details of the distributions per share are set out in the table on pages 94 and 95.

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 8 Distributions (continued)

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	3,523,783	2,482,791
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	692,210	630,691
Equalisation on conversions <sup>3</sup>	701	80
Net movement in revenue account	(121)	97
Net distributions for the year	4,216,573	3,113,659

<sup>1</sup> Distribution payable at the year end of £93,651 (2023: £32,428) are disclosed in the Balance Sheet on page 82.

<sup>2</sup> Please refer to Note 2(i) Distribution Policy on page 12 for further details.

<sup>3</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

	31.05.24 £	31.05.23 £
Amounts receivable for issue of shares	396,497	777,592
Accrued revenue	234,621	94,693
Income tax recoverable	50,611	40,802
AMC rebates from underlying investments	61,136	44,621
Total debtors	742,865	957,708

#### 10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	11,093,415	15,741,517
Cash held at clearing houses	583,193	725,741
Cash equivalents	22,293,957	14,251,150
Total cash and bank balances	33,970,565	30,718,408
Bank overdrafts	–	(3)
Cash overdraft at clearing houses	–	(177)
Total bank overdrafts	–	(180)

# 7IM SELECT BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 11 Other Creditors

	31.05.24 £	31.05.23 £
Amounts payable for cancellation of shares	921,757	2,107,642
Purchases awaiting settlement	2,585,389	—
Accrued expenses	191,434	183,953
Corporation tax payable	155,171	120,737
Total other creditors	3,853,751	2,412,332

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £78,283 (2023: £68,568).

The amounts receivable from 7IM (the 'ACD') as at year end are £Nil (2023: £Nil). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 81. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £396,497 (2023: £777,592) and £921,757 (2023: £2,107,642), accordingly.

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

Pershing Nominees Limited 99.79% (2023: 98.53%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £38,797,708 (2023: £8,273,306). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £135,664 and £93,651 (2023: £122,725 and £32,428), accordingly.

### 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 year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	8,317,096	790,530	(1,847,953)	3,362,098	10,621,771
Class C Accumulation	180,413,138	58,237,895	(43,758,493)	(8,391,184)	186,501,356
Class S Income	—	3,119,274	(929,716)	—	2,189,558
Class S Accumulation	19,117,367	7,923,955	(5,103,982)	5,120,009	27,057,349

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	11,153	–	115,672	126,825
US dollar	4,537	17,704,775	26,441,478	44,150,790
Pound sterling	33,954,875	–	182,624,124	216,578,999
	<b>33,970,565</b>	<b>17,704,775</b>	<b>209,181,274</b>	<b>260,856,614</b>
	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
US dollar	–	–	(57,699)	(57,699)
Pound sterling	–	–	(4,337,160)	(4,337,160)
	<b>–</b>	<b>–</b>	<b>(4,394,859)</b>	<b>(4,394,859)</b>

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	5,202,494	5,202,494
Japanese yen	–	–	16,958,464	16,958,464
US dollar	3	13,396,880	56,786,843	70,183,726
Pound sterling	30,718,405	–	195,208,114	225,926,519
	<b>30,718,408</b>	<b>13,396,880</b>	<b>274,155,915</b>	<b>318,271,203</b>
	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(177)	–	(4,296,255)	(4,296,432)
US dollar	(3)	–	(45,059,066)	(45,059,069)
Pound sterling	–	–	(48,346,861)	(48,346,861)
	<b>(180)</b>	<b>–</b>	<b>(97,702,182)</b>	<b>(97,702,362)</b>

## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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	
	31.05.24	31.05.23	31.05.24	31.05.23
	%	%	Years	Years
US dollar	(2.44)	(1.99)	2	2

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2024, the average effective duration was 1.84 years (31 May 2023: 1.85 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	11,153	115,672	126,825
US dollar	4,537	44,088,554	44,093,091
	15,690	44,204,226	44,219,916
Pound sterling	30,750,338	181,491,501	212,241,839
Net assets	30,766,028	225,695,727	256,461,755

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(177)	906,239	906,062
Japanese yen	–	16,958,464	16,958,464
US dollar	(87)	25,124,744	25,124,657
	(264)	42,989,447	42,989,183
Pound sterling	29,231,440	148,348,218	177,579,658
Net assets	29,231,176	191,337,665	220,568,841

##### 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 3.1% 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.

# 7IM SELECT BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 15 Risks Disclosures (continued)

#### iii. Derivatives (continued)

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 around 100% of the Net Asset Value of the Sub-fund and is not expected to exceed 260%. 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 2024 was 45%, 68% and 54% respectively (2023: 33%, 88% and 49% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Chicago Board of Trade	–	86,194
Eurex Deutschland	115,672	34,789
Eurex Exchange	(57,699)	–
London International Futures Exchange	–	49,300
<b>Forward Currency Contracts</b>		
Northern Trust	(372,224)	373,289
<b>Structured Products</b>		
JP Morgan	6,205,307	4,275,276
Societe Generale	6,403,211	4,565,300
<b>Total net exposure<sup>1</sup></b>	<b>12,294,267</b>	<b>9,384,148</b>

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

#### iv. Fair value

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

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

##### Level 1

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

# 7IM SELECT BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 15 Risks Disclosures (continued)

#### iv. Fair value (continued)

##### Level 2

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

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

##### Level 3

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

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

31 May 2024	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	–	17,704,775	–	17,704,775
Collective Investment Schemes	198,106,704	–	–	198,106,704
Derivatives	115,672	17,534	–	133,206
Equities	10,198,499	–	–	10,198,499
<b>Total</b>	<b>208,420,875</b>	<b>17,722,309</b>	<b>–</b>	<b>226,143,184</b>

##### Liabilities

Derivatives	(57,699)	(389,758)	–	(447,457)
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31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	–	13,396,879	–	13,396,879
Collective Investment Schemes	66,751,521	94,629,430	–	161,380,951
Derivatives	170,284	710,637	–	880,921
Equities	15,453,860	562,402	–	16,016,262
<b>Total</b>	<b>82,375,665</b>	<b>109,299,348</b>	<b>–</b>	<b>191,675,013</b>

##### Liabilities

Derivatives	–	(337,348)	–	(337,348)
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## 7IM SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 72.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	15,364	—	—	—	—	—
Collective Investment Schemes	64,404	—	—	—	—	—
Equities	14,336	—	—	—	—	—
<b>Total</b>	<b>94,104</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	11,296	—	—	—	—	—
Collective Investment Schemes	41,626	—	—	—	—	—
Derivatives	514	—	—	—	—	—
Equities	22,350	(1)	—	(1)	—	—
<b>Total</b>	<b>75,786</b>	<b>(1)</b>	<b>—</b>	<b>(1)</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>		

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,236	—	—	—	—	—
Collective Investment Schemes	97,148	—	—	—	—	—
Derivatives	7,790	—	—	—	—	—
Equities	3,250	—	—	—	—	—
<b>Total</b>	<b>116,424</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	10,001	—	—	—	—	—
Collective Investment Schemes	100,872	—	—	—	—	—
Derivatives	2,014	—	—	—	—	—
Equities	10,004	—	—	—	—	—
<b>Total</b>	<b>122,891</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 SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

##### **Average portfolio dealing spread**

As at the balance sheet date, the average portfolio dealing spread was 0.02% (2023: 0.01%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 113.44p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 116.98p. This represents an increase of 3.12% from the year end value.

# 7IM SELECT BALANCED FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2024

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	1.1315	—	1.1315	1.1469
Group 2	0.6640	0.4675	1.1315	1.1469

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.1725	—	1.1725	1.1673
Group 2	0.7531	0.4194	1.1725	1.1673

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23 <sup>1</sup>
<b>Class S Income</b>				
Group 1	1.2380	—	1.2380	—
Group 2	0.8326	0.4054	1.2380	—

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class S Accumulation</b>				
Group 1	1.2404	—	1.2404	1.2265
Group 2	0.8426	0.3978	1.2404	1.2265

### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	0.7169	—	0.7169	0.3899
Group 2	0.4542	0.2627	0.7169	0.3899

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	0.7447	—	0.7447	0.3987
Group 2	0.1826	0.5621	0.7447	0.3987

## 7IM SELECT BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23 <sup>1</sup>
<b>Class S Income</b>				
Group 1	0.7994	—	0.7994	—
Group 2	0.1187	0.6807	0.7994	—
	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class S Accumulation</b>				
Group 1	0.8094	—	0.8094	0.4814
Group 2	0.1334	0.6760	0.8094	0.4814

<sup>1</sup> Share class became inactive on 30 March 2022. As a result, no distributions were paid.

#### Equalisation

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

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 31 May 2024

### Investment Objective and Policy

7IM Select Moderately Adventurous 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), other transferable securities such as government and corporate bonds, warrants and structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

Up to 20% of the Sub-fund will be invested in assets such as cash, and deposits, and may also include the use of money market funds and money market instruments, for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above.

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.

### Comparator Benchmark

The Sub-fund's performance may be compared to the ARC Sterling Steady Growth Private Client Index which has been chosen because it is representative of the Sub-fund's risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the Sub-fund's performance.

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 8.00%<sup>1</sup>.

The Sub-fund underperformed its ARC PCI performance comparator over a 1-year period. The Sub-fund has been underweight US equities in a market where the US economy has unexpectedly continued to strengthen while mega cap tech stocks have soared despite their high starting valuations. This has detracted from performance. The 1 year and 3 year relative performance to the benchmark was (2.64%), (2.16%) respectively.

### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

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

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Investment Background (continued)

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding its way to new highs.

#### Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchase in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our strategic asset allocation (SAA) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in increasing equity exposure, with a small reduction in alternatives, as well as maintaining the duration and credit exposure.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Portfolio Review (continued)

In October 2023, we slightly reduced our position in Climate Transition Leaders, re-allocating to US equal weight. We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds.

In January 2024, we trimmed our allocation to Healthcare Innovations by 25%. The position had been underperforming for some time, and we used a period of strong performance to reduce our active risk to both the theme, and the fund manager.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads to high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, following the annual refresh of our Strategic Asset Allocation, we began tilting the portfolios in the direction of the changes - resulting in additions to equities and government bonds, funded by reductions in credit. At the same time, we also integrated the below tactical changes to AT1's and Healthcare Innovations.

Further narrowing of AT1 credit spreads to high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Finally in May 2024, we removed our allocation to Healthcare Innovations from portfolios. Although we continue to like the long-term theme of innovation in healthcare, we believe that in the short-term, the smaller, idiosyncratic nature of the companies are less likely to perform in an environment of higher rates and higher volatility.

#### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

There's no one answer – When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook which calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 100 to 103 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

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	110.59	111.09	115.55
Return before operating charges*	10.11	1.48	(2.75)
Operating charges (calculated on average price)	(1.36)	(1.35)	(1.47)
Return after operating charges*	8.75	0.13	(4.22)
Distributions on income shares	(1.14)	(0.63)	(0.24)
Closing net asset value per share	118.20	110.59	111.09
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.91%	0.12%	(3.65)%
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#### Other Information

Closing net asset value (£'000)	3,982	3,769	4,965
Closing number of shares	3,369,313	3,408,222	4,470,235
Operating charges <sup>3</sup>	1.20%	1.22%	1.28%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	121.13	116.46	118.67
Lowest share price	107.00	104.80	107.53

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 104.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	111.55	111.43	115.65
Return before operating charges*	10.24	1.48	(2.75)
Operating charges (calculated on average price)	(1.37)	(1.36)	(1.47)
Return after operating charges*	8.87	0.12	(4.22)
Distributions	(1.15)	(0.63)	(0.24)
Retained distributions on accumulation shares	1.15	0.63	0.24
Closing net asset value per share	120.42	111.55	111.43
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.95%	0.11%	(3.65)%
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#### Other Information

Closing net asset value (£'000)	173,894	153,609	128,582
Closing number of shares	144,401,289	137,700,376	115,396,483
Operating charges <sup>3</sup>	1.20%	1.22%	1.28%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	122.88	117.29	118.78
Lowest share price	107.93	105.12	107.82

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 104.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	31.05.22 <sup>4</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	115.80
Return before operating charges*	(114.44)
Operating charges (calculated on average price)	(1.00)
Return after operating charges*	(115.44)
Distributions on income shares	(0.36)
Closing net asset value per share	—
* After direct transaction costs of: <sup>1</sup>	0.00

#### Performance

Return after charges <sup>2</sup>	(99.69)%
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#### Other Information

Closing net asset value (£'000)	—
Closing number of shares	—
Operating charges <sup>3</sup>	1.03%
Direct transaction costs	0.00%

#### Prices

Highest share price	119.07
Lowest share price	107.84

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 104.

<sup>4</sup> Share class became inactive on 31 March 2022.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	112.64	112.23	116.20
Return before operating charges*	10.32	1.50	(2.78)
Operating charges (calculated on average price)	(1.10)	(1.09)	(1.19)
Return after operating charges*	9.22	0.41	(3.97)
Distributions	(1.42)	(0.92)	(0.53)
Retained distributions on accumulation shares	1.42	0.92	0.53
Closing net asset value per share	121.86	112.64	112.23
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	8.19%	0.37%	(3.42)%
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#### Other Information

Closing net asset value (£'000)	8,739	7,726	7,418
Closing number of shares	7,171,045	6,859,108	6,609,313
Operating charges <sup>3</sup>	0.95%	0.97%	1.03%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	124.33	118.34	119.48
Lowest share price	109.09	105.97	108.55

<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 104.

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.06%	0.06%
	<hr/> 0.81%	<hr/> 0.56%
Collective investment scheme costs	0.39%	0.39%
Ongoing Charges Figure	<hr/> 1.20%	<hr/> 0.95%

As at 31 May 2023

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.06%	0.06%
	<hr/> 0.81%	<hr/> 0.56%
Collective investment scheme costs	0.41%	0.41%
Ongoing Charges Figure	<hr/> 1.22%	<hr/> 0.97%

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

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

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator  
Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2024 was four. The indicator has changed from five to four this year.

Fund performance to 31 May 2024 (%)

	1 year	3 years	Since Launch
7IM Select Moderately Adventurous Fund <sup>1, 2</sup>	8.00	4.54	20.46

<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 year are shown in the Distribution Tables on pages 121 and 122.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>ALTERNATIVES 5.67% (5.92%)<sup>1</sup></b>		
	<b>Alternative Strategies 5.67% (5.92%)<sup>1</sup></b>		
3,860,000	JP Morgan Structured Products 0.00% 12/10/2026 <sup>2</sup>	3,202,204	1.72
5,569,000	SG Issuer 0.00% 18/11/2025 <sup>2</sup>	4,689,568	2.51
28,235	UBS AG London 0.00% 20/10/2027	2,691,447	1.44
		<b>10,583,219</b>	<b>5.67</b>
	<b>EQUITY 3.99% (8.24%)<sup>1</sup></b>		
	<b>North America 0.00% (4.09%)<sup>1</sup></b>		
	<b>United Kingdom 3.99% (4.15%)<sup>1</sup></b>		
8,666	Goldman Sachs International 2024	<b>7,454,469</b>	<b>3.99</b>
	<b>FUTURES CONTRACTS 0.01% (0.00%)<sup>1</sup></b>		
	<b>Germany 0.03% (0.00%)<sup>1</sup></b>		
120	MSCI EUX Eurobund Futures June 2024	<b>61,282</b>	<b>0.03</b>
	<b>United States -0.02% (0.00%)<sup>1</sup></b>		
184	MSCI EUX Futures June 2024	(38,327)	(0.02)
42	US 10-Year Note Futures September 2024	(8,253)	—
		<b>(46,580)</b>	<b>(0.02)</b>
	<b>FORWARD CURRENCY CONTRACTS -0.15% (0.10%)<sup>1</sup></b>		
€1,309,565	Vs £(1,125,507) Expiry 18.10.2024	(2,259)	—
€2,200,000	Vs £(1,899,742) Expiry 18.10.2024	(12,744)	(0.01)
US\$(26,506,000)	Vs £20,836,920 Expiry 12.07.2024	6,257	—
¥1,985,000,000	Vs £(10,423,778) Expiry 15.11.2024	(261,229)	(0.14)
US\$17,410,992	Vs £(13,687,144) Expiry 12.07.2024	(4,110)	—
		<b>(274,085)</b>	<b>(0.15)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 77.38% (75.39%)<sup>1</sup></b>		
	<b>Ireland 0.00% (2.35%)<sup>1</sup></b>		
	<b>Japan 3.87% (3.79%)<sup>1</sup></b>		
4,461,528	M&G Japan Fund Sterling	<b>7,214,738</b>	<b>3.87</b>
	<b>Luxembourg 16.45% (19.51%)<sup>1</sup></b>		
32,047	AQR - Managed Futures UCITS Fund	3,608,756	1.93
63,747	BlackRock Global Funds - World Mining Fund	3,805,065	2.04
13,975	BlackRock Strategic Funds - Global Event Driven Fund	1,704,781	0.91
36,691	BlueBay Financial Capital Bond	3,746,470	2.01
1,632	Candriam Absolute Return Equity Market Neutral	2,753,504	1.48
20,156	Fulcrum Equity Dispersion Fund	2,753,289	1.48
44,637	Pictet-Japanese Equity Selection A3	7,333,809	3.93
193,362	Schroder ISF Asian Opportunities	4,974,627	2.67
		<b>30,680,301</b>	<b>16.45</b>
	<b>North America 9.19% (11.77%)<sup>1</sup></b>		
69,792	AB SICAV I - International Health Care Portfolio	11,532,493	6.18
45,250	Barings Emerging Markets Debt Blended Total Return	5,625,430	3.01
		<b>17,157,923</b>	<b>9.19</b>
	<b>United Kingdom 47.87% (37.97%)<sup>1</sup></b>		
9,009,024	Fidelity Investment Funds ICVC - UK Select Fund	11,216,235	6.01
3,126,337	iShares Global Property Securities Index	6,786,887	3.64

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>COLLECTIVE INVESTMENT SCHEMES 77.38% (75.39%)<sup>1</sup> (continued)</b>		
	<b>United Kingdom 47.87% (37.97%)<sup>1</sup> (continued)</b>		
3,314,905	iShares US Equity ESG Index Fund UK	3,287,100	1.76
4,655,301	JPM Emerging Markets Income Fund	5,046,347	2.70
12,890,692	Legal & General Short Dated Sterling Corporate Bond Index Fund	7,757,618	4.16
2,757,043	Man GLG Income Fund	11,314,905	6.06
4,121,183	Ninety One Funds Series III - Global Environment Fund	6,463,251	3.46
2,315,248	Premier Miton European Opportunities	7,767,656	4.16
2,592,160	Premier Miton US Opportunities Fund	10,767,832	5.77
19,110,950	Schroder Prime UK Equity Fund	11,348,081	6.08
4,789,504	WS Lightman European Fund I Accumulation	7,589,927	4.07
		<b>89,345,839</b>	<b>47.87</b>
	<b>Portfolio of investment</b>	<b>162,177,106</b>	<b>86.90</b>
	Net other assets <sup>3</sup>	24,438,380	13.10
	<b>Net assets</b>	<b>186,615,486</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Northern Trust Global Sterling Fund and Deutsche Global Liquidity Managed Sterling Fund to the value of £7,329,252 and £9,500,000, accordingly which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

	31.05.24 %	31.05.23 %
<b>Credit Quality</b>		
Non-rated debt securities	5.67	5.93
Other investments	81.23	83.72
Net other asset	13.10	10.35
	<b>100.00</b>	<b>100.00</b>

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		11,482,231		(808,544)
Revenue		3,110,204		2,046,086	
Expenses	6	(1,361,760)		(1,197,232)	
Interest payable and similar charges	8	(2,072)		(2)	
Net revenue before taxation for the year		1,746,372		848,852	
Taxation	7	(16,314)		(12,682)	
Net revenue after taxation for the year			1,730,058		836,170
<b>Total return before distributions</b>			13,212,289		27,626
Distributions	8		(1,739,751)		(850,781)
<b>Change in net assets attributable to shareholders from investment activities</b>			11,472,538		(823,155)

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

for the year ended 31 May 2024

		31.05.24		31.05.23
		£	£	£
<b>Opening net assets attributable to shareholders</b>		165,104,024		140,964,770
Amounts received on creation of shares <sup>1</sup>	44,075,218		53,645,668	
Amounts paid on cancellation of shares <sup>1</sup>	(35,765,356)		(29,541,830)	
		8,309,862		24,103,838
Change in net assets attributable to shareholders from investment activities		11,472,538		(823,155)
Retained distribution on accumulation shares		1,729,062		858,571
<b>Closing net assets attributable to shareholders</b>		186,615,486		165,104,024

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

The notes on pages 110 to 120 are an integral part of these financial statements.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		162,504,028	148,292,345
Current assets:			
Debtors	9	490,746	522,511
Cash and bank balances	10	7,440,812	8,558,357
Cash equivalents	10	16,829,252	8,232,627
<b>Total assets</b>		<b>187,264,838</b>	<b>165,605,840</b>
<b>LIABILITIES</b>			
Investment liabilities		(326,922)	(277,292)
Creditors:			
Bank overdrafts	10	(2,124)	(1)
Distribution payable	8	(17,197)	(5,961)
Other creditors	11	(303,109)	(218,562)
<b>Total liabilities</b>		<b>(649,352)</b>	<b>(501,816)</b>
<b>Net assets attributable to shareholders</b>		<b>186,615,486</b>	<b>165,104,024</b>

The notes on pages 110 to 120 are an integral part of these financial statements.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	12,561,778	890,263
Derivative contracts	934,022	—
Forward currency contracts	(2,024,321)	(1,894,102)
Currency (losses)/gains	(26,461)	128,665
Transaction charges	(12,176)	(7,656)
AMC rebates from underlying investments	49,308	73,571
CSDR penalty reimbursement	81	715
Net capital gains/(losses)	11,482,231	(808,544)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	1,807,518	1,384,063
Taxable dividends	1,120,099	629,581
Unfranked interest	(29,848)	(99,901)
AMC rebates from underlying investments	39,123	43,972
Bank interest	173,312	88,371
Total revenue	3,110,204	2,046,086

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,263,293	1,108,095
Other expenses	6,249	5,632
	<u>1,269,542</u>	<u>1,113,727</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26,002	24,492
Safe custody and other bank charges	23,666	22,644
	<u>49,668</u>	<u>47,136</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	2,743	1,971
FCA and other regulatory fees	161	162
Legal and professional fees	483	1,212
Market data fees	4,460	3,993
Printing, postage and distribution costs	10,213	10,079
Risk analysis fees	10,475	9,881
	<u>42,550</u>	<u>36,369</u>
Total expenses	<u>1,361,760</u>	<u>1,197,232</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 7 Taxation

	31.05.24 £	31.05.23 £
a) <i>Analysis of charge for the year</i>		
Irrecoverable CIS income tax	16,314	12,682
Current tax charge (note 7b)	16,314	12,682
Total taxation	16,314	12,682

#### 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%) (2023: 20%) for the reasons explained below.

	31.05.24 £	31.05.23 £
Net revenue before taxation	1,746,372	848,852
Corporation tax at 20%	349,274	169,770
Effects of:		
AMC rebates taken to capital	9,862	14,714
Franked CIS revenue	–	(188,469)
FX loss non taxable	(45)	–
Irrecoverable CIS income tax w/off	16,314	12,682
Non-taxable dividends	(361,459)	–
Offshore CIS revenue	–	(89,691)
Unutilised excess management expenses	2,368	93,676
Total tax charge (note 7a)	16,314	12,682

#### c) *Deferred tax*

There is no deferred tax provision in the current year (2023: none).

At the year end, there is a potential deferred tax asset of £365,668 (2023: £363,300) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	958,493	612,760
Final <sup>1</sup>	809,317	268,290
	1,767,810	881,050
Add: Revenue deducted on cancellation of shares	121,465	42,022
Deduct: Revenue received on issue of shares	(149,524)	(72,291)
Net distributions for the year	1,739,751	850,781
Interest payable and similar charges	2,072	2
Total distribution	1,741,823	850,783

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 121 and 122.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	1,730,058	836,170
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	9,862	14,714
Equalisation on conversions	(159)	–
Net movement in revenue account	(10)	(103)
Net distributions for the year	1,739,751	850,781

<sup>1</sup> Distribution payable at the year end of £17,197 (2023: £5,961) are disclosed in the Balance Sheet on page 109.

<sup>2</sup> Please refer to Note 2(i) Distribution Policy on page 12 for further details.

### 9 Debtors

	31.05.24 £	31.05.23 £
Amounts receivable for issue of shares	331,685	461,245
Accrued revenue	104,741	17,376
Income tax recoverable	11,475	13,081
AMC rebates from underlying investments	42,845	30,809
Total debtors	490,746	522,511

### 10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	6,864,719	8,558,349
Cash held at clearing houses	576,093	8
Cash equivalents	16,829,252	8,232,627
Total cash and bank balances	24,270,064	16,790,984
Cash overdraft at clearing houses	(2,124)	(1)
Total bank overdrafts	(2,124)	(1)

### 11 Other creditors

	31.05.24 £	31.05.23 £
Amounts payable for cancellation of shares	63,408	74,307
Purchases awaiting settlement	91,069	–
Accrued expenses	148,632	144,255
Total other creditors	303,109	218,562

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £116,902 (2023: £103,365).

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 108. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £331,685 (2023: £461,245) and £63,408 (2023: £74,307), accordingly.

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

Pershing Nominees Limited	99.73% (2023: 98.79%)
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The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £23,097,307 (2023: £22,494,566). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £27,512 and £17,197 (2023: £17,760 and £5,961), accordingly.

### 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 year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	3,408,222	118,587	(232,682)	75,186	3,369,313
Class C Accumulation	137,700,376	37,399,469	(30,772,534)	73,978	144,401,289
Class S Accumulation	6,859,108	718,375	(259,641)	(146,797)	7,171,045

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: none).

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	61,283	61,283
US dollar	7,397,001	3,202,204	12,429,154	23,028,359
Pound sterling	24,254,078	–	139,921,119	164,175,197
	<b>31,651,079</b>	<b>3,202,204</b>	<b>152,411,556</b>	<b>187,264,839</b>
	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(2,124)	–	–	(2,124)
US dollar	–	–	(46,581)	(46,581)
Pound sterling	–	–	(600,648)	(600,648)
	<b>(2,124)</b>	<b>–</b>	<b>(647,229)</b>	<b>(649,353)</b>

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	5,550,681	5,550,681
Japanese yen	–	–	11,759,843	11,759,843
US dollar	9,784,872	–	38,671,141	48,456,013
Pound sterling	16,790,984	–	148,244,690	165,035,674
	<b>26,575,856</b>	<b>–</b>	<b>204,226,355</b>	<b>230,802,211</b>
	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	–	–	(3,044,646)	(3,044,646)
US dollar	(1)	–	(27,478,357)	(27,478,358)
Pound sterling	–	–	(35,175,183)	(35,175,183)
	<b>(1)</b>	<b>–</b>	<b>(65,698,186)</b>	<b>(65,698,187)</b>

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 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	
	31.05.24	31.05.23	31.05.24	31.05.23
	%	%	Years	Years
US dollar	(2.70)	(2.09)	2	2

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2024, the average effective duration was 0.47 years (31 May 2023: 0.50 years).

#### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(2,124)	61,283	59,159
US dollar	16,044	22,965,734	22,981,778
	13,920	23,027,017	23,040,937
Pound sterling	24,424,460	139,150,089	163,574,549
Net assets	24,438,380	162,177,106	186,615,486

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	—	2,506,035	2,506,035
Japanese yen	—	11,759,843	11,759,843
US dollar	(1)	20,977,656	20,977,655
	(1)	35,243,534	35,243,533
Pound sterling	17,088,972	112,771,519	129,860,491
Net assets	17,088,971	148,015,053	165,104,024

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 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 3.8% 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 around 100% of the Net Asset Value of the Sub-fund and is not expected to exceed 260%. 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 2024 was 39%, 53% and 42% respectively (31 May 2023: 23%, 63% and 38% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Chicago Board of Trades	(8,253)	—
Eurex Deutschland	61,282	—
Eurex USA	(38,327)	—
<b>Forward Currency Contracts</b>		
Northern Trust	(274,085)	166,291
<b>Structured Products</b>		
JP Morgan	3,202,204	3,274,319
Societe Generale	4,689,568	3,186,122
<b>Total net exposure<sup>1</sup></b>	<b>7,632,389</b>	<b>6,626,732</b>

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

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 15 Risks Disclosures (continued)

#### iv. Fair value

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

##### Level 1

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

##### Level 2

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

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

##### Level 3

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2024</b>				
<b>Assets</b>				
Bonds	–	10,583,219	–	10,583,219
Collective Investment Schemes	144,398,801	–	–	144,398,801
Derivatives	61,282	6,257	–	67,539
Equities	7,454,469	–	–	7,454,469
<b>Total</b>	<b>151,914,552</b>	<b>10,589,476</b>	<b>–</b>	<b>162,504,028</b>

##### Liabilities

Derivatives	(46,580)	(280,342)	–	(326,922)
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	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2023</b>				
<b>Assets</b>				
Bonds	–	9,784,872	–	9,784,872
Collective Investment Schemes	63,157,543	61,310,734	–	124,468,277
Derivatives	–	443,583	–	443,583
Equities	6,747,802	6,847,811	–	13,595,613
<b>Total</b>	<b>69,905,345</b>	<b>78,387,000</b>	<b>–</b>	<b>148,292,345</b>

##### Liabilities

Derivatives	–	(277,292)	–	(277,292)
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## 7IM SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 99.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,503	—	—	—	—	—
Collective Investment Schemes	53,805	—	—	—	—	—
Equities	8,442	—	—	—	—	—
<b>Total</b>	<b>70,750</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	7,887	—	—	—	—	—
Collective Investment Schemes	42,416	—	—	—	—	—
Derivatives	352	—	—	—	—	—
Equities	20,048	(1)	—	(1)	—	—
<b>Total</b>	<b>70,703</b>	<b>(1)</b>	<b>—</b>	<b>(1)</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>		

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	4,725	—	—	—	—	—
Collective Investment Schemes	84,176	—	—	—	—	—
Derivatives	7,000	—	—	—	—	—
Equities	3,646	—	—	—	—	—
<b>Total</b>	<b>99,547</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	4,137	—	—	—	—	—
Collective Investment Schemes	66,644	—	—	—	—	—
Derivatives	3,271	—	—	—	—	—
Equities	6,230	—	—	—	—	—
<b>Total</b>	<b>80,282</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 SELECT MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

##### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.00% (2023: 0.01%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 120.46p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 123.21p. This represents an increase of 2.28% from the year end value.

# 7IM SELECT MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2024

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	0.6298	—	0.6298	0.4545
Group 2	0.5400	0.0898	0.6298	0.4545

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	0.6361	—	0.6361	0.4567
Group 2	0.2817	0.3544	0.6361	0.4567

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class S Accumulation</b>				
Group 1	0.7824	—	0.7824	0.5822
Group 2	0.2637	0.5187	0.7824	0.5822

### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	0.5104	—	0.5104	0.1749
Group 2	0.1787	0.3317	0.5104	0.1749

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	0.5171	—	0.5171	0.1739
Group 2	0.0966	0.4205	0.5171	0.1739

## 7IM SELECT MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 31 May 2024

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class S Accumulation</b>				
Group 1	0.6334	—	0.6334	0.3334
Group 2	0.1658	0.4676	0.6334	0.3334

#### 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 year ended 31 May 2024

### Investment Objective and Policy

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), other transferable securities such as warrants and structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

Up to 20% of the Sub-fund will be invested in assets such as cash, and deposits, and may also include the use of money market funds and money market instruments, for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above.

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.

### Comparator Benchmark

The Sub-fund's performance may be compared to the ARC Sterling Equity Risk PCI which has been chosen because it is representative of the Sub-fund's risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the Sub-fund's performance.

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 7.40%<sup>1</sup>.

The Sub-fund underperformed its ARC PCI performance comparator over a 1-year period. The Sub-fund has been underweight US equities in a market where the US economy has unexpectedly continued to strengthen while mega cap tech stocks have soared despite their high starting valuations. This has detracted from performance. The 1 year and 3 year relative performance to the benchmark was (5.04%), (3.24%) respectively.

### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

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

# 7IM SELECT ADVENTUROUS FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Investment Background (continued)

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding it's way to new highs.

#### Portfolio Review

In July 2023, we replaced our holding in Berkshire Hathaway with US Equal Weight Index. We no longer have as strong a conviction in Berkshire due to the changes in the macro backdrop since its addition and the significant weight of mega-cap technology stocks which could turn into a significant negative contributor against our recessionary base case outlook. We have made significant profits on Berkshire since purchase in mid 2020. We have shifted into a more diversified approach to US Equity, which still dilutes the mega-cap tech names.

In July 2023, we lowered our exposure to alternatives. This was a relatively minor change. The Alternatives group decided to reduce exposure to BlackRock Event Driven, a discretionary merger arbitrage strategy that monetises corporate activity. Corporate activity can be exposed to growth/broader risk sentiment/macro-economic outlook and the strategy is largely composed of equities securities. As a result, the fund holds a higher beta in comparison to the other strategies within the alts basket. It therefore makes sense to tactically trim this exposure with the 7iM strategic outlook bearish and US recession expectant.

# 7IM SELECT ADVENTUROUS FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Portfolio Review (continued)

We have also increased our exposure to Global Healthcare and FTSE 100 during July 2023. The defensive Healthcare earnings should weather the profits downturn better than most sectors. And while the energy and materials exposure in the FTSE 100 will not be immune to a slowdown, the operating leverage these companies should have coming out of a slowdown means these are among the most attractive equities around.

In August 2023, we refreshed our strategic asset allocation (SAA) in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in increasing equity exposure, with a small reduction in alternatives, as well as maintaining the duration and credit exposure.

In October 2023, we slightly reduced our position in Climate Transition Leaders, re-allocating to US equal weight. We continue to have strong conviction in this investment. However, in an uncertain macro-economic environment, with a reasonable risk of recession, companies within this space tend to be mid-cap low-quality growth and these factors may be more challenged.

We trimmed our position in Alternatives in October 2023. The Alternatives allocation remains a key pillar of diversification to the rest of the portfolio. We have taken some profits here to rotate into bonds.

In January 2024, we trimmed our allocation to Healthcare Innovations by 33%. The position had been underperforming for some time, and we used a period of strong performance to reduce our active risk to both the theme, and the fund manager.

Following a small positive change to our quantitative beta models in March, we added a small portion to our overall equity allocation, taking it closer to neutral.

As credit spreads to high yield bonds continued to narrow (under 100bps), we took the chance to rotate out of AT1's, back into our Strategic Asset Allocation, reflecting the fact that the excess reward is reducing.

In May 2024, following the annual refresh of our Strategic Asset Allocation, we began tilting the portfolios in the direction of the changes - resulting in additions to equities and government bonds, funded by reductions in credit. At the same time, we also integrated the below tactical changes to AT1's and Healthcare Innovation.

Further narrowing of AT1 credit spreads to high yield bonds (under 50bps) meant we continued to trim our AT1's position in May; now at 2% across all portfolios.

Finally in May 2024, we removed our allocation to Healthcare Innovations from portfolios. Although we continue to like the long-term theme of innovation in healthcare, we believe that in the short-term, the smaller, idiosyncratic nature of the companies are less likely to perform in an environment of higher rates and higher volatility.

#### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left over at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into 'technical' recession in the next three months, but a sluggish growth environment is already here.

## 7IM SELECT ADVENTUROUS FUND

### **ACD'S REPORT** (continued) for the year ended 31 May 2024

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

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

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

There's no one answer – When managing a diversified long-term portfolio, there shouldn't be a single 'big' call. For an outlook which calls for selectivity, especially in the medium and short term, we're finding lots of different opportunities – both to protect capital and to grow it.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM SELECT ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 128 to 131 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

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	114.61	114.78	117.32
Return before operating charges*	9.92	1.85	(0.87)
Operating charges (calculated on average price)	(1.53)	(1.62)	(1.67)
Return after operating charges*	8.39	0.23	(2.54)
Distributions on income shares	(0.86)	(0.40)	–
Closing net asset value per share	122.14	114.61	114.78
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

### Performance

Return after charges <sup>2</sup>	7.32%	0.20%	(2.17)%
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### Other Information

Closing net asset value (£'000)	35	88	56
Closing number of shares	28,645	76,541	49,044
Operating charges <sup>3</sup>	1.32%	1.41%	1.42%
Direct transaction costs	0.00%	0.00%	0.00%

### Prices

Highest share price	125.45	121.62	122.47
Lowest share price	109.36	108.03	110.05

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 132.

# 7IM SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	115.03	114.81	117.34
Return before operating charges*	10.03	1.84	(0.86)
Operating charges (calculated on average price)	(1.55)	(1.62)	(1.67)
Return after operating charges*	8.48	0.22	(2.53)
Distributions	(0.87)	(0.40)	–
Retained distributions on accumulation shares	0.87	0.40	–
Closing net asset value per share	123.51	115.03	114.81
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.37%	0.19%	(2.16)%
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#### Other Information

Closing net asset value (£'000)	43,664	33,555	30,555
Closing number of shares	35,351,276	29,170,811	26,614,543
Operating charges <sup>3</sup>	1.32%	1.41%	1.42%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	126.46	121.89	122.49
Lowest share price	109.78	108.05	110.07

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 132.

# 7IM SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	113.75	113.75	116.69
Return before operating charges*	9.88	2.13	(0.24)
Operating charges (calculated on average price)	(1.24)	(1.34)	(1.37)
Return after operating charges*	8.64	0.79	(1.61)
Distributions on income shares	(1.15)	(0.79)	(1.33)
Closing net asset value per share	121.24	113.75	113.75
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.60%	0.69%	(1.38)%
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#### Other Information

Closing net asset value (£'000)	172	97	—
Closing number of shares	141,980	85,233	102
Operating charges <sup>3</sup>	1.07%	1.16%	1.17%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	124.67	120.82	122.10
Lowest share price	108.67	107.02	109.21

<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 132.

# 7IM SELECT ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	116.12	115.60	117.86
Return before operating charges*	10.13	1.87	(0.87)
Operating charges (calculated on average price)	(1.26)	(1.35)	(1.39)
Return after operating charges*	8.87	0.52	(2.26)
Distributions	(1.18)	(0.69)	(0.26)
Retained distributions on accumulation shares	1.18	0.69	0.26
Closing net asset value per share	124.99	116.12	115.60
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.64%	0.45%	(1.92)%
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#### Other Information

Closing net asset value (£'000)	4,057	3,541	3,178
Closing number of shares	3,245,882	3,050,078	2,748,896
Operating charges <sup>3</sup>	1.07%	1.16%	1.17%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	127.96	122.95	123.18
Lowest share price	110.93	108.81	110.82

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 132.

## 7IM SELECT ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses <sup>1</sup>	0.15%	0.15%
	<hr/> 0.90%	<hr/> 0.65%
Collective investment scheme costs	0.42%	0.42%
Ongoing Charges Figure	<hr/> 1.32%	<hr/> 1.07%

As at 31 May 2023

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.75%	0.50%
Other expenses	0.20%	0.20%
	<hr/> 0.95%	<hr/> 0.70%
Collective investment scheme costs	0.46%	0.46%
Ongoing Charges Figure	<hr/> 1.41%	<hr/> 1.16%

<sup>1</sup> Effective 2 October 2023, other expenses is capped at 0.15%.

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

# 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 year end date 31 May 2024 was five. The risk and reward rating remain the same from the last reporting period.

### Fund performance to 31 May 2024 (%)

	1 year	3 years	Since Launch
7IM Select Adventurous Fund <sup>1, 2</sup>	7.40	5.69	23.53

<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 year are shown in the Distribution Tables on pages 149 and 150.

# 7IM SELECT ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

			Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>			
	<b>ALTERNATIVES 3.91% (5.59%)<sup>1</sup></b>			
	<b>Alternative Strategies 3.91% (5.59%)<sup>1</sup></b>			
1,140,000	JP Morgan Structured Products 0.00% 12/10/2026 <sup>2</sup>		945,729	1.98
1,101,000	SG Issuer 0.00% 18/11/2025 <sup>2</sup>		927,135	1.93
			<b>1,872,864</b>	<b>3.91</b>
	<b>EQUITY 3.82% (9.42%)<sup>1</sup></b>			
	<b>North America 0.00% (5.32%)<sup>1</sup></b>			
	<b>United Kingdom 3.82% (4.10%)<sup>1</sup></b>			
2,131	Goldman Sachs International 2024		<b>1,833,080</b>	<b>3.82</b>
	<b>FUTURES CONTRACTS 0.04% (0.00%)<sup>1</sup></b>			
	<b>Germany 0.04% (0.00%)<sup>1</sup></b>			
30	EUX Europe ex-UK Futures June 2024		<b>18,973</b>	<b>0.04</b>
	<b>FORWARD CURRENCY CONTRACTS -0.18% (0.02%)<sup>1</sup></b>			
€878,367	Vs £(754,913) Expiry 18.10.2024		(1,515)	—
€490,000	Vs £(422,836) Expiry 18.10.2024		(2,550)	(0.01)
US\$(1,228,321)	Vs £969,829 Expiry 12.07.2024		4,510	0.01
US\$(6,525,000)	Vs £5,129,439 Expiry 12.07.2024		1,540	—
¥72,000,000	Vs £(376,369) Expiry 15.11.2024		(7,753)	(0.02)
¥574,499,999	Vs £(3,016,857) Expiry 15.11.2024		(75,605)	(0.15)
US\$1,228,321	Vs £(965,609) Expiry 12.07.2024		(290)	—
US\$1,900,000	Vs £(1,498,784) Expiry 12.07.2024		(5,603)	(0.01)
			<b>(87,266)</b>	<b>(0.18)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 85.36% (82.83%)<sup>1</sup></b>			
	<b>Ireland 0.00% (6.51%)<sup>1</sup></b>			
	<b>Japan 4.51% (4.11%)<sup>1</sup></b>			
1,337,035	M&G Japan Fund Sterling		<b>2,162,120</b>	<b>4.51</b>
	<b>Luxembourg 22.12% (27.20%)<sup>1</sup></b>			
16,865	AB SICAV I - International Health Care Portfolio		2,995,839	6.25
8,463	AQR - Managed Futures UCITS Fund		952,997	1.99
21,301	BlackRock Global Funds - World Mining Fund		1,271,476	2.65
9,152	BlueBay Financial Capital Bond		934,463	1.95
267	Candriam Absolute Return Equity Market Neutral		451,213	0.94
13,106	Pictet-Japanese Equity Selection A3		2,153,290	4.49
71,773	Schroder ISF Asian Opportunities		1,846,514	3.85
			<b>10,605,792</b>	<b>22.12</b>
	<b>United Kingdom 58.73% (45.01%)<sup>1</sup></b>			
2,662,884	Fidelity Investment Funds ICVC - UK Select Fund		3,476,372	7.25
959,638	iShares Global Property Securities Index		2,156,405	4.50
3,514,265	iShares US Equity ESG Index Fund UK		3,597,304	7.51
1,691,311	JPM Emerging Markets Income Fund		1,918,171	4.00
1,130,405	LF Lightman European Fund I Accumulation		1,916,765	4.00
817,230	Man GLG Income Fund		3,476,698	7.25
1,319,321	Ninety One Funds Series III - Global Environment Fund		2,069,092	4.32
555,137	Premier Miton European Opportunities		1,862,485	3.89
966,514	Premier Miton US Opportunities Fund		4,194,902	8.76

## 7IM SELECT ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>COLLECTIVE INVESTMENT SCHEMES 85.36% (82.83%)<sup>1</sup> (continued)</b>		
	<b>United Kingdom 58.73% (45.01%)<sup>1</sup> (continued)</b>		
5,677,373	Schroder Prime UK Equity Fund	3,476,280	7.25
		<b>28,144,474</b>	<b>58.73</b>
	<b>Portfolio of investment</b>	<b>44,550,037</b>	<b>92.95</b>
	Net other assets <sup>3</sup>	3,377,499	7.05
	<b>Net assets</b>	<b>47,927,536</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £1,896,789 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

	31.05.24 %	31.05.23 %
<b>Credit Quality</b>		
Non-rated debt securities	3.91	5.59
Other investments	89.04	92.27
Net other assets	7.05	2.14
	<b>100.00</b>	<b>100.00</b>

## 7IM SELECT ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		2,681,900		(133,341)
Revenue		689,586		447,155	
Expenses	6	(361,840)		(319,982)	
Interest payable and similar charges	8	(2,462)		(1)	
Net revenue before taxation for the year		325,284		127,172	
Taxation	7	(6,332)		(3,963)	
Net revenue after taxation for the year			318,952		123,209
<b>Total return/(loss) before distributions</b>			3,000,852		(10,132)
Distributions	8		(321,809)		(127,593)
<b>Change in net assets attributable to shareholders from investment activities</b>			2,679,043		(137,725)

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

for the year ended 31 May 2024

		31.05.24		31.05.23
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		37,281,379		33,789,189
Amounts received on creation of shares <sup>1</sup>	16,561,038		10,176,385	
Amounts paid on cancellation of shares <sup>1</sup>	(8,924,328)		(6,678,665)	
		7,636,710		3,497,720
Dilution levy		–		815
Change in net assets attributable to shareholders from investment activities		2,679,043		(137,725)
Retained distribution on accumulation shares		330,404		131,380
<b>Closing net assets attributable to shareholders</b>		47,927,536		37,281,379

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

The notes on pages 138 to 148 are an integral part of these financial statements.

# 7IM SELECT ADVENTUROUS FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		44,643,353	36,562,888
Current assets:			
Debtors	9	1,569,279	15,228
Cash and bank balances	10	1,440,280	1,221,189
Cash equivalents	10	1,896,789	1,539
<b>Total assets</b>		<b>49,549,701</b>	<b>37,800,844</b>
<b>LIABILITIES</b>			
Investment liabilities		(93,316)	(80,392)
Creditors:			
Bank overdrafts	10	(100)	(49)
Distribution payable	8	(873)	(429)
Other creditors	11	(1,527,876)	(438,595)
<b>Total liabilities</b>		<b>(1,622,165)</b>	<b>(519,465)</b>
<b>Net assets attributable to shareholders</b>		<b>47,927,536</b>	<b>37,281,379</b>

The notes on pages 138 to 148 are an integral part of these financial statements.

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	3,207,755	258,853
Derivative contracts	18,973	—
Forward currency contracts	(534,459)	(453,439)
Currency (losses)/gains	(15,929)	45,097
Transaction charges	(9,418)	(5,970)
CSDR penalty reimbursement	132	162
AMC rebates from underlying investments	14,846	21,956
Net capital gains/(losses)	2,681,900	(133,341)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	513,694	388,628
Taxable dividends	147,784	35,497
Unfranked interest	(16,809)	(1,172)
AMC rebates from underlying investments	9,686	9,723
Bank interest	35,231	14,479
Total revenue	689,586	447,155

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	302,191	254,595
Other expenses	6,249	5,632
	<u>308,440</u>	<u>260,227</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7,524	6,312
Safe custody and other bank charges	21,441	19,769
	<u>28,965</u>	<u>26,081</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	1,191	767
FCA and other regulatory fees	163	160
Legal and professional fees	483	1,211
Market data fees	4,461	3,993
Printing, postage and distribution costs	8,654	8,591
Risk analysis fees	10,475	9,881
Subsidy of other expenses by the ACD <sup>2</sup>	(15,007)	—
	<u>24,435</u>	<u>33,674</u>
Total expenses	<u>361,840</u>	<u>319,982</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

<sup>2</sup> Please refer to Note 2(f) Capped expenses on page 12 for further details.

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Irrecoverable CIS income tax	6,332	3,963
Current tax charge (note 7b)	6,332	3,963
Total taxation	6,332	3,963
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	325,284	127,172
Corporation tax at 20%	65,057	25,434
Effects of:		
AMC rebates taken to capital	2,969	4,391
Irrecoverable CIS income tax w/off	6,332	3,963
Non-taxable dividends	(102,729)	(77,725)
Unutilised excess management expenses	34,703	47,900
Total tax charge (note 7a)	6,332	3,963

### *c) Deferred tax*

There is no deferred tax provision in the current year (2023: none).

At the year end, there is a potential deferred tax asset of £180,406 (2023: £145,703) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	175,303	72,413
Final <sup>1</sup>	156,952	59,574
	332,255	131,987
Add: Revenue deducted on cancellation of shares	27,421	6,910
Deduct: Revenue received on issue of shares	(37,867)	(11,304)
Net distributions for the year	321,809	127,593
Interest payable and similar charges	2,462	1
Total distribution	324,271	127,594

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 149 and 150.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	318,952	123,209
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	2,969	4,391
Equalisation on conversions	(93)	–
Net movement in revenue account	(19)	(7)
Net distributions for the year	321,809	127,593

<sup>1</sup>Distribution payable at the year end of £873 (2023: £429) are disclosed in the Balance Sheet on page 137.

<sup>2</sup>Please refer to note 2(i) Distributions policy on page 12 for further details.

### 9 Debtors

	31.05.24 £	31.05.23 £
Amounts receivable for issue of shares	1,506,261	90
Accrued revenue	32,706	2,434
Income tax recoverable	4,615	4,011
AMC rebates from underlying investments	10,690	8,693
Prepaid expenses	15,007	–
Total debtors	1,569,279	15,228

### 10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	1,397,335	1,221,139
Cash held at clearing houses	42,945	50
Cash equivalents <sup>1</sup>	1,896,789	1,539
Total cash and bank balances	3,337,069	1,222,728
Cash overdraft at clearing houses	(100)	(49)
Total bank overdrafts	(100)	(49)

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 11 Other creditors

	31.05.24	31.05.23
	£	£
Amounts payable for cancellation of shares	1,511	386,019
Purchases awaiting settlement	1,472,082	—
Accrued expenses	54,283	52,576
Total other creditors	1,527,876	438,595

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees was £28,547 (2023: £23,159).

The amounts receivable from 7IM (the 'ACD') as at year end are £15,007 (2023: £Nil). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 136. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £1,506,261 (2023: £90) and £1,511 (2023: £386,019), accordingly.

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

Pershing Nominees Limited 99.59% (2023: 97.10%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £11,539,844 (2023: £3,651,440). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £1,324 and £873 (2023: £179 and £346), accordingly.

### 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 year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	76,541	1,148	(49,044)	—	28,645
Class C Accumulation	29,170,811	11,924,298	(5,809,181)	65,348	35,351,276
Class S Income	85,233	56,747	—	—	141,980
Class S Accumulation	3,050,078	2,001,866	(1,741,483)	(64,579)	3,245,882

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: none).

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	18,973	18,973
US dollar	–	1,872,864	3,679,594	5,552,458
Pound sterling	3,337,069	–	40,641,201	43,978,270
	<b>3,337,069</b>	<b>1,872,864</b>	<b>44,339,768</b>	<b>49,549,701</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(49)	–	–	(49)
US dollar	(51)	–	–	(51)
Pound sterling	–	–	(1,622,065)	(1,622,065)
	<b>(100)</b>	<b>–</b>	<b>(1,622,065)</b>	<b>(1,622,165)</b>

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	1,585,594	1,585,594
Japanese yen	–	–	3,403,542	3,403,542
US dollar	–	2,082,176	8,101,817	10,183,993
Pound sterling	1,222,728	–	35,136,997	36,359,725
	<b>1,222,728</b>	<b>2,082,176</b>	<b>48,227,950</b>	<b>51,532,854</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	–	–	(822,492)	(822,492)
Japanese yen	–	–	(176,635)	(176,635)
US dollar	(49)	–	(5,272,490)	(5,272,539)
Pound sterling	–	–	(7,979,809)	(7,979,809)
	<b>(49)</b>	<b>–</b>	<b>(14,251,426)</b>	<b>(14,251,475)</b>

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 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	
	31.05.24	31.05.23	31.05.24	31.05.23
	%	%	Years	Years
US dollar	(3.39)	(2.18)	2	2

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2024, the average effective duration was 0.06 years (31 May 2023: 0.20 years).

#### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(49)	18,973	18,924
US dollar	(51)	5,552,458	5,552,407
	(100)	5,571,431	5,571,331
Pound sterling	3,377,599	38,978,606	42,356,205
Net assets	3,377,499	44,550,037	47,927,536

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	–	763,102	763,102
Japanese yen	–	3,226,907	3,226,907
US dollar	(49)	4,911,503	4,911,454
	(49)	8,901,512	8,901,463
Pound sterling	798,932	27,580,984	28,379,916
Net assets	798,883	36,482,496	37,281,379

#### 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 4.47% 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.

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

##### iii Derivatives (continued)

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 around 100% of the Net Asset Value of the Sub-fund and is not expected to exceed 260%. 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 2024 was 26%, 42% and 35% respectively (31 May 2023: 13%, 61% and 36% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

The types of derivatives held at the balance sheet date was forward foreign currency contracts, futures 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:

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Eurex Deutschland	18,973	—
<b>Forward Currency Contracts</b>		
Northern Trust	(87,266)	6,260
<b>Structured Products</b>		
JP Morgan	954,729	721,028
Societe Generale	927,135	792,433
<b>Total net exposure<sup>1</sup></b>	<b>1,813,571</b>	<b>1,519,721</b>

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

# 7IM SELECT ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 15 Risks Disclosures (continued)

#### iv. Fair value

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

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

#### Level 1

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

#### Level 2

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

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

#### Level 3

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

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

31 May 2024	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	–	1,872,864	–	1,872,864
Collective Investment Schemes	20,078,662	22,730,513	–	42,809,175
Derivatives	18,973	6,050	–	25,023
Equities	1,833,080	–	–	1,833,080
<b>Total</b>	<b>21,930,715</b>	<b>24,609,427</b>	<b>–</b>	<b>46,540,142</b>
<b>Liabilities</b>				
Derivatives	–	(93,316)	–	(93,316)

## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	–	2,082,175	–	2,082,175
Collective Investment Schemes	17,632,130	13,251,254	–	30,883,384
Derivatives	–	86,652	–	86,652
Equities	3,510,677	–	–	3,510,677
<b>Total</b>	<b>21,142,807</b>	<b>15,420,081</b>	<b>–</b>	<b>36,562,888</b>
<b>Liabilities</b>				
Derivatives	–	(80,392)	–	(80,392)

#### 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 127.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	2,540	–	–	–	–	–
Collective Investment Schemes	21,149	–	–	–	–	–
Derivatives	180	–	–	–	–	–
Equities	4,043	–	–	–	–	–
<b>Total</b>	<b>27,912</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	2,787	–	–	–	–	–
Collective Investment Schemes	13,235	–	–	–	–	–
Derivatives	110	–	–	–	–	–
Equities	7,334	–	–	–	–	–
<b>Total</b>	<b>23,466</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>
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## 7IM SELECT ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	1,342	—	—	—	—	—
Collective Investment Schemes	19,292	—	—	—	—	—
Derivatives	1,539	—	—	—	—	—
Equities	622	—	—	—	—	—
<b>Total</b>	<b>22,795</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	411	—	—	—	—	—
Collective Investment Schemes	15,211	—	—	—	—	—
Derivatives	884	—	—	—	—	—
Equities	2,220	—	—	—	—	—
<b>Total</b>	<b>18,726</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>
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#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.00% (2023: 0.01%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 123.53p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 126.40p. This represents an increase of 2.32% from the year end value.

# 7IM SELECT ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2024

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	0.4669	—	0.4669	0.2323
Group 2	0.4669	—	0.4669	0.2323

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	0.4805	—	0.4805	0.2297
Group 2	0.2654	0.2151	0.4805	0.2297

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class S Income</b>				
Group 1	0.6173	—	0.6173	0.4412
Group 2	0.4231	0.1942	0.6173	0.4412

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class S Accumulation</b>				
Group 1	0.6298	—	0.6298	0.3738
Group 2	0.3980	0.2318	0.6298	0.3738

### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	0.3915	—	0.3915	0.1681
Group 2	0.0938	0.2977	0.3915	0.1681

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	0.3910	—	0.3910	0.1696
Group 2	0.0809	0.3101	0.3910	0.1696

## 7IM SELECT ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class S Income</b>				
Group 1	0.5356	—	0.5356	0.3518
Group 2	0.4083	0.1273	0.5356	0.3518

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class S Accumulation</b>				
Group 1	0.5501	—	0.5501	0.3171
Group 2	0.3033	0.2468	0.5501	0.3171

<sup>1</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 PATHBUILDER 1 FUND

## ACD'S REPORT

for the year ended 31 May 2024

### Investment Objective and Policy

7IM Pathbuilder 1 Fund (the 'Sub-fund') aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). The Sub-fund is at the lowest end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 45% to 90% of its assets to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade, and 5% to 50% to equities. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

Up to 20% of the Sub-fund will be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above.

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

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). The Sub-fund may also use derivatives for investment purposes.

### Comparator Benchmark

The Sub-fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-fund has met its investment objective. The Sub-fund's returns will be published on [www.7im.co.uk](http://www.7im.co.uk).

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 8.04%<sup>1</sup>.

#### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

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

# 7IM PATHBUILDER 1 FUND

## ACD'S REPORT (continued) for the year ended 31 May 2024

### Investment Manager's Report (continued)

#### Investment Background (continued)

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year US Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding it's way to new highs.

#### Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our strategic asset allocation (SAA) process.

In August 2023, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as maintaining the duration and credit exposure.

## 7IM PATHBUILDER 1 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Outlook

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

Over the next 12 months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left over at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM PATHBUILDER 1 FUND

### FUND INFORMATION

The Comparative Tables on pages 155 to 156 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 PATHBUILDER 1 FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	89.94	93.84	100.63
Return before operating charges*	7.51	(1.77)	(5.06)
Operating charges (calculated on average price)	(0.33)	(0.32)	(0.36)
Return after operating charges*	7.18	(2.09)	(5.42)
Distributions on income shares	(2.34)	(1.81)	(1.37)
Closing net asset value per share	94.78	89.94	93.84
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	7.98%	(2.23)%	(5.39)%
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#### Other Information

Closing net asset value (£'000)	76	41	39
Closing number of shares	80,718	45,492	41,128
Operating charges <sup>3</sup>	0.35%	0.35%	0.36%
Direct transaction costs	(0.01)%	(0.01)%	0.00%

#### Prices

Highest share price	97.64	94.66	104.61
Lowest share price	88.19	85.83	92.66

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 157.

# 7IM PATHBUILDER 1 FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	93.55	95.67	101.16
Return before operating charges*	7.88	(1.80)	(5.12)
Operating charges (calculated on average price)	(0.34)	(0.32)	(0.37)
Return after operating charges*	7.54	(2.12)	(5.49)
Distributions	(2.45)	(1.86)	(1.39)
Retained distributions on accumulation shares	2.45	1.86	1.39
Closing net asset value per share	101.09	93.55	95.67
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	8.06%	(2.22)%	(5.43)%
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#### Other Information

Closing net asset value (£'000)	14,907	10,582	12,605
Closing number of shares	14,746,956	11,311,667	13,176,566
Operating charges <sup>3</sup>	0.35%	0.35%	0.36%
Direct transaction costs	(0.01)%	(0.01)%	0.00%

#### Prices

Highest share price	102.81	96.50	105.16
Lowest share price	91.73	87.50	93.68

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 157.

# 7IM PATHBUILDER 1 FUND

## FUND INFORMATION (continued)

### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.08%
Ongoing Charges Figure	<hr/> 0.35%

As at 31 May 2023

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.08%
Ongoing Charges Figure	<hr/> 0.35%

<sup>1</sup> Other expenses is capped at 0.05%.

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 1 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 2024 was four. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 year	3 years	Since Launch
7IM Pathbuilder 1 Fund <sup>1, 2</sup>	8.04	(0.20)	1.06

<sup>1</sup> Source: Bloomberg.

<sup>2</sup> The Sub-fund launched on 9 December 2020.

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 172.

# 7IM PATHBUILDER 1 FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>ALTERNATIVES 4.02% (0.00%)<sup>1</sup></b>		
	<b>Alternative Strategies 4.02% (0.00%)<sup>1</sup></b>		
700,000	JP Morgan Structured Products 0.00% 08/07/2025 <sup>2</sup>	<b>602,555</b>	<b>4.02</b>
	<b>FUTURES CONTRACTS 0.03% (0.04%)<sup>1</sup></b>		
	<b>United States 0.03% (0.04%)<sup>1</sup></b>		
14	MSCI Emerging Markets Index Futures June 2024	<b>4,873</b>	<b>0.03</b>
	<b>FORWARD CURRENCY CONTRACTS 0.09% (0.08%)<sup>1</sup></b>		
US\$(1,360,000)	Vs £1,078,059 Expiry 12.07.2024	9,256	0.06
US\$(400,000)	Vs £318,173 Expiry 12.07.2024	3,819	0.02
US\$(3,530,000)	Vs £2,775,007 Expiry 12.07.2024	833	0.01
US\$2,300,000	Vs £(1,808,078) Expiry 12.07.2024	(543)	–
		<b>13,365</b>	<b>0.09</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 87.77% (94.69%)<sup>1</sup></b>		
	<b>Ireland 41.74% (45.13%)<sup>1</sup></b>		
546,524	BNY Mellon Global - BNY Mellon Efficient Global High Yield Beta Fund	589,098	3.93
179,857	HSBC Global Funds ICAV - Global Government Bond Index Fund	1,316,017	8.79
52,790	iShares Global Inflation-Linked Bond Index	577,034	3.85
234,451	iShares MSCI USA ESG Screened UCITS ETF	1,935,628	12.92
369,640	Legal & General Emerging Markets Government Bond USD Index Fund	364,243	2.43
13,260	Vanguard ESG Global Corporate Bond Index Fund	1,471,854	9.82
		<b>6,253,874</b>	<b>41.74</b>
	<b>Japan 2.89% (4.30%)<sup>1</sup></b>		
497,212	Legal & General Japan Index Trust	<b>433,271</b>	<b>2.89</b>
	<b>Luxembourg 5.82% (3.79%)<sup>1</sup></b>		
8,622	Lyxor Core UK Government Bond (DR) UCITS ETF	<b>872,719</b>	<b>5.82</b>
	<b>United Kingdom 37.32% (41.47%)<sup>1</sup></b>		
1,003,172	Fidelity Investment Funds ICVC - Index UK Fund	1,806,110	12.06
75,047	HSBC Index Tracker Investment Funds - European Index Fund	1,049,417	7.00
1,610,975	iShares ESG Overseas Corporate Bond Index Fund (UK)	1,788,225	11.94
268,687	iShares Global Property Securities Index	583,286	3.89
	Legal & General Emerging Markets Government Bond Local Currency		
553,351	Index Fund Acc	363,994	2.43
		<b>5,591,032</b>	<b>37.32</b>
	<b>Portfolio of investment</b>	<b>13,771,689</b>	<b>91.91</b>
	Net other assets <sup>3</sup>	1,211,788	8.09
	<b>Net assets</b>	<b>14,983,477</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Deutsche Global Liquidity Managed Sterling Fund Platinum to the value of £500,000 and shares in the Northern Trust Global Sterling Fund to the value of £258,671 which are shown as Cash equivalents in the Balance Sheet of the Sub-fund.

## 7IM PATHBUILDER 1 FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

	Notes	£	31.05.24 £	£	31.05.23 £
Income					
Net capital gains/(losses)	4		523,707		(542,926)
Revenue		333,875		274,106	
Expenses	6	(17,953)		(22,142)	
Interest payable and similar charges	8	(201)		(318)	
Net revenue before taxation for the year		315,721		251,646	
Taxation	7	(43,637)		(35,413)	
Net revenue after taxation for the year			272,084		216,233
<b>Total return before distributions</b>			795,791		(326,693)
Distributions	8		(272,409)		(216,501)
<b>Change in net assets attributable to shareholders from investment activities</b>			523,382		(543,194)

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

for the year ended 31 May 2024

	£	31.05.24 £	£	31.05.23 £
<b>Opening net assets attributable to shareholders</b>		10,622,968		12,644,463
Amounts received on creation of shares <sup>1</sup>	7,934,262		1,515,845	
Amounts paid on cancellation of shares <sup>1</sup>	(4,400,173)		(3,206,973)	
		3,534,089		(1,691,128)
Dilution levy		1,325		557
Change in net assets attributable to shareholders from investment activities		523,382		(543,194)
Retained distribution on accumulation shares		301,713		212,270
<b>Closing net assets attributable to shareholders</b>		14,983,477		10,622,968

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

The notes on pages 162 to 171 are an integral part of these financial statements.

# 7IM PATHBUILDER 1 FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		13,772,232	10,115,280
Current assets:			
Debtors	9	198,363	77,140
Cash and bank balances	10	511,834	303,972
Cash equivalents	10	758,671	256,751
<b>Total assets</b>		<b>15,241,100</b>	<b>10,753,143</b>
<b>LIABILITIES</b>			
Investment liabilities		(543)	(43,448)
Creditors:			
Bank overdrafts	10	(14,292)	(2,407)
Distribution payable	8	(984)	(417)
Other creditors	11	(241,804)	(83,903)
<b>Total liabilities</b>		<b>(257,623)</b>	<b>(130,175)</b>
<b>Net assets attributable to shareholders</b>		<b>14,983,477</b>	<b>10,622,968</b>

The notes on pages 162 to 171 are an integral part of these financial statements.

# 7IM PATHBUILDER 1 FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	471,354	(180,783)
Derivative contracts	33,004	(81,481)
Forward currency contracts	33,887	(263,528)
Currency losses	(5,171)	(10,721)
Transaction charges	(10,989)	(7,784)
AMC rebates from underlying investments	1,622	1,371
Net capital gains/(losses)	523,707	(542,926)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	99,088	76,034
Taxable dividends	224,012	189,975
Unfranked interest	(2,099)	–
AMC rebates from underlying investments	660	2,593
Bank interest	12,214	5,504
Total revenue	333,875	274,106

## 7IM PATHBUILDER 1 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	23,508	24,371
Other expenses	4,179	3,737
	<u>27,687</u>	<u>28,108</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,965	1,993
Safe custody and other bank charges	13,187	13,398
	<u>15,152</u>	<u>15,391</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	1,105	931
FCA and other regulatory fees	161	150
Legal and professional fees	1,207	–
Market data fees	4,461	3,993
Printing, postage and distribution costs	8,622	9,123
Risk analysis fees	10,475	9,881
Subsidy of other expenses by the ACD <sup>2</sup>	(64,932)	(54,506)
	<u>(24,886)</u>	<u>(21,357)</u>
Total expenses	<u>17,953</u>	<u>22,142</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

<sup>2</sup> Please refer to Note 2(f) Capped expenses on page 12 for further details.

# 7IM PATHBUILDER 1 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	43,637	35,413
Current tax charge (note 7b)	43,637	35,413
Total taxation	43,637	35,413
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	315,721	251,646
Corporation tax at 20%	63,144	50,329
Effects of:		
AMC rebates taken to capital	325	275
Non-taxable dividends	(19,832)	(15,191)
Total tax charge (note 7a)	43,637	35,413
<i>c) Deferred tax</i>		
There is no deferred tax provision in the current year (2023: none).		
At the year end, there is no potential deferred tax asset (2023: none).		

### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	113,129	105,925
Final <sup>1</sup>	190,084	107,131
	303,213	213,056
Add: Revenue deducted on cancellation of shares	25,528	13,551
Deduct: Revenue received on issue of shares	(56,332)	(10,106)
Net distributions for the year	272,409	216,501
Interest payable and similar charges	201	318
Total distribution	272,610	216,819

Details of the distributions per share are set out in the table on page 172.

Distributions represented by:		
Net revenue after taxation	272,084	216,233
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	324	274
Net movement in revenue account	1	(6)
Net distributions for the year	272,409	216,501

<sup>1</sup> Distribution payable at the year end of £984 (2023: £417) are disclosed in the Balance Sheet on page 161.

<sup>2</sup> Please refer to Note 2(i) Distribution Policy on page 12 for further details.

# 7IM PATHBUILDER 1 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 9 Debtors

	31.05.24	31.05.23
	£	£
Amounts receivable for issue of shares	87,834	100
Sales awaiting settlement	4,423	—
Accrued revenue	35,105	18,899
Income tax recoverable	2,688	2,554
AMC rebates from underlying investments	1,449	1,081
Prepaid expenses	66,864	54,506
Total debtors	198,363	77,140

### 10 Cash and bank balances

	31.05.24	31.05.23
	£	£
Cash and bank balances	489,817	296,387
Cash held at clearing houses	22,017	7,585
Cash equivalents	758,671	256,751
Total cash and bank balances	1,270,505	560,723
Bank overdrafts	—	(2,407)
Cash overdraft at clearing houses	(14,292)	—
Total bank overdrafts	(14,292)	(2,407)

### 11 Other creditors

	31.05.24	31.05.23
	£	£
Amounts payable for cancellation of shares	137,211	7,077
Purchases awaiting settlement	38,461	18,199
Accrued expenses	22,495	23,215
Corporation tax payable	43,637	35,412
Total other creditors	241,804	83,903

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £2,320 (2023: £2,006).

The amounts receivable from 7IM (the 'ACD') as at year end are £66,864 (2023: £54,506). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 160. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £87,834 (2023: £100) and £137,211 (2023: £7,077), accordingly.

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

Aegon	24.56% (2023: 0.02%)
Pershing Nominees Limited	52.71% (2023: 89.72%)

# 7IM PATHBUILDER 1 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 12 Related party transactions (continued)

The net value of creations and cancellations for Aegon during the year totalled £3,680,083 (2023: £Nil). The distributions paid and payable to Aegon during and as at the year end are £18 and £40 (2023: £Nil and £Nil), accordingly.

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£1,635,813) (2023: (£1,544,139)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £875 and £893 (2023: £680 and £394), accordingly.

### 13 Classes of Shares

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

Class C	0.22%
---------	-------

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	45,492	35,244	(18)	–	80,718
Class C Accumulation	11,311,667	7,979,161	(4,543,872)	–	14,746,956

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

#### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
US dollar	22,017	602,555	1,897,925	2,522,497
Pound sterling	1,248,488	–	11,470,115	12,718,603
	1,270,505	602,555	13,368,040	15,241,100
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	(14,292)	–	(243,331)	(257,623)
	(14,292)	–	(243,331)	(257,623)

## 7IM PATHBUILDER 1 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	608,142	608,142
US dollar	2,529	–	3,033,784	3,036,313
Pound sterling	558,194	–	12,905,346	13,463,540
	560,723	–	16,547,272	17,107,995

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	–	–	(623,709)	(623,709)
US dollar	(2,407)	–	(2,852,397)	(2,854,804)
Pound sterling	–	–	(3,006,514)	(3,006,514)
	(2,407)	–	(6,482,620)	(6,485,027)

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.

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
US dollar	22,018	2,500,479	2,522,497
	22,018	2,500,479	2,522,497
Pound sterling	1,189,770	11,271,210	12,460,980
Net assets	1,211,788	13,771,689	14,983,477

Currency exposure as at 31 May 2023

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	–	(15,567)	(15,567)
US dollar	122	181,387	181,509
	122	165,820	165,942
Pound sterling	551,014	9,906,012	10,457,026
Net assets	551,136	10,071,832	10,622,968

# 7IM PATHBUILDER 1 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 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 around 40% of the Net Asset Value of the Sub-fund and is not expected to exceed 100%. 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 2024 was 29%, 71% and 54% respectively (2023: 48%, 83% and 66% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Goldman Sachs	–	3,811
Intercontinental Futures Exchange	4,873	–
<b>Forward Currency Contracts</b>		
Northern Trust	13,365	8,093
<b>Structured Products</b>		
JP Morgan	602,555	–
<b>Total net exposure<sup>1</sup></b>	<b>620,793</b>	<b>11,904</b>

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

#### iv. Fair value

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

# 7IM PATHBUILDER 1 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 15 Risks Disclosures (continued)

#### iv. Fair value (continued)

##### Level 1

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

##### Level 2

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

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

##### Level 3

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2024</b>				
<b>Assets</b>				
Bonds	–	602,555	–	602,555
Collective Investment Schemes	7,436,903	5,713,993	–	13,150,896
Derivatives	4,873	13,908	–	18,781
<b>Total</b>	<b>7,441,776</b>	<b>6,330,456</b>	<b>–</b>	<b>13,772,232</b>
<b>Liabilities</b>				
Derivatives	–	(543)	–	(543)
<b>31 May 2023</b>				
<b>Assets</b>				
Collective Investment Schemes	4,484,802	5,575,126	–	10,059,928
Derivatives	3,811	51,541	–	55,352
<b>Total</b>	<b>4,488,613</b>	<b>5,626,667</b>	<b>–</b>	<b>10,115,280</b>
<b>Liabilities</b>				
Derivatives	–	(43,448)	–	(43,448)

## 7IM PATHBUILDER 1 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 154.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	596	—	—	—	—	—
Collective Investment Schemes	4,736	—	—	—	—	—
Equities	1,309	—	—	—	—	—
<b>Total</b>	<b>6,641</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	3,278	—	—	—	—	—
Equities	416	—	—	—	—	—
<b>Total</b>	<b>3,694</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>		

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	4,294	—	—	—	—	—
Equities	734	—	—	—	—	—
<b>Total</b>	<b>5,028</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	5,942	—	—	—	—	—
Equities	684	—	—	—	—	—
<b>Total</b>	<b>6,626</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 PATHBUILDER 1 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

##### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.03% (2023: 0.04%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 101.06p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 105.05p. This represents an increase of 3.95% from the year end value.

# 7IM PATHBUILDER 1 FUND

## DISTRIBUTION TABLES

for the year ended 31 May 2024

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	1.1223	—	1.1223	0.8958
Group 2	0.5806	0.5417	1.1223	0.8958

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.1659	—	1.1659	0.9127
Group 2	0.7057	0.4602	1.1659	0.9127

### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	1.2195	—	1.2195	0.9174
Group 2	0.2973	0.9222	1.2195	0.9174

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	1.2823	—	1.2823	0.9434
Group 2	0.5661	0.7162	1.2823	0.9434

### 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 PATHBUILDER 2 FUND

## ACD'S REPORT

for the year ended 31 May 2024

### Investment Objective and Policy

7IM Pathbuilder 2 Fund (the 'Sub-fund') aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 2 Fund is at the lower end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 33% to 73% of its assets to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade, and 24% to 64% to equities. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

Up to 20% of the Sub-fund will be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above.

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

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). The Sub-fund may also use derivatives for investment purposes.

### Comparator Benchmark

The Sub-Fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-Fund has met its investment objective. The Sub-Fund's returns will be published on [www.7im.co.uk](http://www.7im.co.uk).

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 10.55%<sup>1</sup>.

#### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

<sup>1</sup> Calculated using 7IM Pathbuilder 2 Fund C Acc, published prices. Source: NTRS.

## 7IM PATHBUILDER 2 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Background (continued)

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding it's way to new highs.

##### Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our strategic asset allocation (SAA) process.

In August 2023, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as maintaining the duration and credit exposure.

## 7IM PATHBUILDER 2 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost of living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM PATHBUILDER 2 FUND

### FUND INFORMATION

The Comparative Tables on pages 177 to 178 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 PATHBUILDER 2 FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	96.63	98.82	102.50
Return before operating charges*	10.42	0.14	(1.98)
Operating charges (calculated on average price)	(0.35)	(0.34)	(0.37)
Return after operating charges*	10.07	(0.20)	(2.35)
Distributions on income shares	(2.81)	(1.99)	(1.33)
Closing net asset value per share	103.89	96.63	98.82
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	10.42%	(0.20)%	(2.29)%
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#### Other Information

Closing net asset value (£'000)	2,772	1,616	1,278
Closing number of shares	2,668,625	1,672,635	1,293,606
Operating charges <sup>3</sup>	0.35%	0.35%	0.36%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	107.57	100.59	108.58
Lowest share price	94.90	91.01	96.98

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 179.

# 7IM PATHBUILDER 2 FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	100.62	100.81	103.20
Return before operating charges*	10.96	0.16	(2.01)
Operating charges (calculated on average price)	(0.37)	(0.35)	(0.38)
Return after operating charges*	10.59	(0.19)	(2.39)
Distributions	(2.95)	(2.04)	(1.34)
Retained distributions on accumulation shares	2.95	2.04	1.34
Closing net asset value per share	111.21	100.62	100.81
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.00

#### Performance

Return after charges <sup>2</sup>	10.52%	(0.19)%	(2.32)%
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#### Other Information

Closing net asset value (£'000)	71,446	47,693	52,171
Closing number of shares	64,245,298	47,399,770	51,753,215
Operating charges <sup>3</sup>	0.35%	0.35%	0.36%
Direct transaction costs	0.00%	0.00%	0.00%

#### Prices

Highest share price	113.45	102.91	109.34
Lowest share price	98.82	92.84	98.06

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 179.

## 7IM PATHBUILDER 2 FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.08%
Ongoing Charges Figure	<hr/> 0.35%

As at 31 May 2023

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.08%
Ongoing Charges Figure	<hr/> 0.35%

<sup>1</sup> Other expenses is capped at 0.05%.

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 2 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 2024 was four. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 Year	3 Years	Since Launch
7IM Pathbuilder 2 Fund <sup>1,2</sup>	10.55	7.80	11.26

<sup>1</sup> Source: Bloomberg.

<sup>2</sup> The Sub-fund launched on 9 December 2020.

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 194.

# 7IM PATHBUILDER 2 FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>ALTERNATIVES 1.86% (0.00%)<sup>1</sup></b>		
	<b>Alternative Strategies 1.86% (0.00%)<sup>1</sup></b>		
1,600,000	JP Morgan Structured Products 0.00% 08/07/2025 <sup>2</sup>	1,377,268	1.86
	<b>FUTURES CONTRACTS 0.03% (0.04%)<sup>1</sup></b>		
	<b>United States 0.03% (0.04%)<sup>1</sup></b>		
83	MSCI ICUS Emerging Futures June 2024	21,074	0.03
	<b>FORWARD CURRENCY CONTRACTS 0.03% (0.06%)<sup>1</sup></b>		
US\$(2,950,000)	Vs £2,338,438 Expiry 12.07.2024	20,077	0.03
US\$(2,150,000)	Vs £1,690,160 Expiry 12.07.2024	508	—
		<b>20,585</b>	<b>0.03</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 90.90% (90.94%)<sup>1</sup></b>		
	<b>Ireland 35.43% (35.00%)<sup>1</sup></b>		
4,837,385	BNY Mellon Global - BNY Mellon Efficient Global High Yield Beta Fund	5,214,218	7.03
611,074	HSBC Global Funds ICAV - Global Government Bond Index Fund	4,471,234	6.02
136,250	iShares Global Inflation-Linked Bond Index	1,489,300	2.01
1,616,523	iShares MSCI USA ESG Screened UCITS ETF	13,346,014	17.98
1,796,783	Legal & General Emerging Markets Government Bond USD Index Fund	1,770,550	2.39
		<b>26,291,316</b>	<b>35.43</b>
	<b>Luxembourg 4.01% (3.80%)<sup>1</sup></b>		
29,397	Lyxor Core UK Government Bond (DR) UCITS ETF	2,975,564	4.01
	<b>United Kingdom 49.65% (52.14%)<sup>1</sup></b>		
7,446,698	Fidelity Investment Funds ICVC - Index UK Fund	13,407,035	18.05
426,005	HSBC Index Tracker Investment Funds - European Index Fund	5,957,045	8.03
8,054,520	iShares ESG Overseas Corporate Bond Index Fund (UK)	8,940,734	12.04
1,370,449	iShares Global Property Securities Index	2,975,073	4.01
	Legal & General Emerging Markets Government Bond Local Currency		
2,832,629	Index Fund Acc	1,863,303	2.51
4,265,818	Legal & General Japan Index Trust	3,717,234	5.01
		<b>36,860,424</b>	<b>49.65</b>
	<b>United States 1.81% (0.00%)<sup>1</sup></b>		
21,710	Invesco MSCI USA ESG Universal Screened UCITS ETF	1,340,158	1.81
	<b>Portfolio of investment</b>	<b>68,886,389</b>	<b>92.82</b>
	Net other assets <sup>3</sup>	5,331,351	7.18
	<b>Net assets</b>	<b>74,217,740</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Structured product.

<sup>3</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £4,000,000 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

## 7IM PATHBUILDER 2 FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		3,561,387		(1,255,681)
Revenue		1,811,903		1,287,952	
Expenses	6	(129,906)		(128,602)	
Interest payable and similar charges	8	(1,085)		(2,880)	
Net revenue before taxation for the year		1,680,912		1,156,470	
Taxation	7	(195,504)		(114,773)	
Net revenue after taxation for the year			1,485,408		1,041,697
<b>Total return/(loss) before distributions</b>			5,046,795		(213,984)
Distributions	8		(1,486,129)		(1,042,236)
<b>Change in net assets attributable to shareholders from investment activities</b>			3,560,666		(1,256,220)

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

for the year ended 31 May 2024

		31.05.24		31.05.23
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		49,309,289		53,449,284
Amounts received on creation of shares <sup>1</sup>	33,670,347		10,846,677	
Amounts paid on cancellation of shares <sup>1</sup>	(13,946,043)		(14,715,079)	
		19,724,304		(3,868,402)
Dilution levy		1,002		—
Change in net assets attributable to shareholders from investment activities		3,560,666		(1,256,220)
Retained distribution on accumulation shares		1,622,479		984,627
<b>Closing net assets attributable to shareholders</b>		74,217,740		49,309,289

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

The notes on pages 184 to 193 are an integral part of these financial statements.

## 7IM PATHBUILDER 2 FUND

### BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		68,886,389	45,047,502
Current assets:			
Debtors	9	4,587,863	350,892
Cash and bank balances	10	1,567,297	2,500,485
Cash equivalents	10	4,000,000	2,000,000
<b>Total assets</b>		<b>79,041,549</b>	<b>49,898,879</b>
<b>LIABILITIES</b>			
Investment liabilities		—	(156,454)
Creditors:			
Bank overdrafts	10	(25)	(1)
Distribution payable		(41,366)	(20,309)
Other creditors	11	(4,782,418)	(412,826)
<b>Total liabilities</b>		<b>(4,823,809)</b>	<b>(589,590)</b>
<b>Net assets attributable to shareholders</b>		<b>74,217,740</b>	<b>49,309,289</b>

The notes on pages 184 to 193 are an integral part of these financial statements.

# 7IM PATHBUILDER 2 FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	3,345,426	(84,846)
Derivative contracts	162,819	(335,928)
Forward currency contracts	67,929	(788,493)
Currency losses	(7,584)	(40,418)
Transaction charges	(10,904)	(8,810)
CSDR penalty reimbursement	53	57
AMC rebates from underlying investments	3,648	2,757
Net capital gains/(losses)	3,561,387	(1,255,681)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	707,043	585,361
Taxable dividends	1,052,374	677,558
Unfranked interest	(4,797)	—
AMC rebates from underlying investments	2,847	3,619
Bank interest	54,436	21,414
Total revenue	1,811,903	1,287,952

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	115,007	111,915
Other expenses	4,179	3,737
	<u>119,186</u>	<u>115,652</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9,307	8,303
Safe custody and other bank charges	13,594	12,384
	<u>22,901</u>	<u>20,687</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	2,933	2,238
FCA and other regulatory fees	168	168
Legal and professional fees	1,207	–
Market data fees	4,102	4,351
Printing, postage and distribution costs	10,176	11,465
Risk analysis fees	10,475	9,881
Subsidy of other expenses by the ACD <sup>2</sup>	(55,257)	(44,911)
	<u>(12,181)</u>	<u>(7,737)</u>
Total expenses	<u>129,906</u>	<u>128,602</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

<sup>2</sup> Please refer to Note 2(f) Capped expenses on page 12 for further details.

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	195,504	114,773
Current tax charge (note 7b)	195,504	114,773
Total taxation	195,504	114,773

#### *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%) (2023: 20%) for the reasons explained below.

	31.05.24 £	31.05.23 £
Net revenue before taxation	1,680,912	1,156,470
Corporation tax at 20%	336,182	231,294
Effects of:		
AMC rebates taken to capital	730	551
Non-taxable dividends	(141,408)	(117,072)
Total tax charge (note 7a)	195,504	114,773

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2023: none).

At the year end, there is no potential deferred tax asset (2023: none).

#### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	595,431	403,041
Final <sup>1</sup>	1,091,584	612,285
	1,687,015	1,015,326
Add: Revenue deducted on cancellation of shares	90,727	87,412
Deduct: Revenue received on issue of shares	(291,613)	(60,502)
Net distributions for the year	1,486,129	1,042,236
Interest payable and similar charges	1,085	2,880
Total distribution	1,487,214	1,045,116

Details of the distributions per share are set out in the table on page 194.

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 8 Distributions (continued)

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	1,485,408	1,041,697
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	730	551
Net movement in revenue account	(9)	(12)
Net distributions for the year	1,486,129	1,042,236

<sup>1</sup> Distribution payable at the year end of £41,366 (2023: £20,309) are disclosed in the Balance Sheet on page 183.

<sup>2</sup> Please refer to Note 2(i) Distribution Policy on page 12 for further details.

#### 9 Debtors

	31.05.24 £	31.05.23 £
Amounts receivable for issue of shares	4,319,402	176,876
Sales awaiting settlement	22,647	–
Accrued revenue	171,143	114,972
Income tax recoverable	13,213	11,556
AMC rebates from underlying investments	3,796	2,577
Prepaid expenses	57,662	44,911
Total debtors	4,587,863	350,892

#### 10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	1,513,841	2,464,895
Cash held at clearing houses	53,456	35,590
Cash equivalents	4,000,000	2,000,000
Total cash and bank balances	5,567,297	4,500,485
Bank overdrafts	–	(1)
Cash overdraft at clearing houses	(25)	–
Total bank overdrafts	(25)	(1)

#### 11 Other creditors

	31.05.24 £	31.05.23 £
Amounts payable for cancellation of shares	45,094	148,166
Purchases awaiting settlement	4,506,188	114,972
Accrued expenses	35,632	34,915
Corporation tax payable	195,504	114,773
Total other creditors	4,782,418	412,826

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees was £12,535 (2023: £9,209).

The amounts receivable from 7IM (the 'ACD') as at year end are £56,659 (2023: £44,911). The amounts payable to 7IM (the 'ACD') as at year end are £Nil.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 182. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £4,319,402 (2023: £176,876) and £45,094 (2023: £148,166), accordingly.

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

Pershing Nominees Limited	76.44% (2023: 95.82%)
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The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £9,505,126 (2023: £3,890,082). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £39,608 and £34,240 (2023: £20,988 and £19,247), accordingly.

#### 13 Classes of Shares

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

Class C	0.22%
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The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	1,672,635	1,352,379	(356,389)	–	2,668,625
Class C Accumulation	47,399,770	29,740,334	(12,894,806)	–	64,245,298

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: none).

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
US dollar	–	1,377,268	5,981,610	7,358,878
Pound sterling	5,567,297	–	66,115,374	71,682,671
	5,567,297	1,377,268	72,096,984	79,041,549

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
US dollar	(25)	–	(445,681)	(445,706)
Pound sterling	–	–	(4,378,103)	(4,378,103)
	(25)	–	(4,823,784)	(4,823,809)

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	1,602,566	1,602,566
US dollar	579	–	17,599,900	17,600,479
Pound sterling	4,499,906	–	60,373,644	64,873,550
	4,500,485	–	79,576,110	84,076,595

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	–	–	(1,602,566)	(1,602,566)
US dollar	(1)	–	(16,395,220)	(16,395,221)
Pound sterling	–	–	(16,769,519)	(16,769,519)
	(1)	–	(34,767,305)	(34,767,306)

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.

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	(445,704)	7,358,876	6,913,172
	(445,704)	7,358,876	6,913,172
Pound sterling	5,777,055	61,527,513	67,304,568
Net assets	5,331,351	68,886,389	74,217,740

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	578	1,204,680	1,205,258
	578	1,204,680	1,205,258
Pound sterling	4,417,663	43,686,368	48,104,031
Net assets	4,418,241	44,891,048	49,309,289

##### 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 3.1% 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 around 40% of the Net Asset Value of the Sub-fund and is not expected to exceed 100%. 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 2024 was 7%, 13% and 9% respectively (31 May 2023: 8%, 96% and 40% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
International Futures Exchange	21,074	–
New York Coffee, Sugar & Cocoa	–	17,885
<b>Forward Currency Contracts</b>		
Northern Trust	20,585	30,761
<b>Structured Products</b>		
JP Morgan	1,377,268	–
<b>Total net exposure<sup>1</sup></b>	<b>1,418,927</b>	<b>48,646</b>

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

##### iv. Fair value

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

##### Level 1

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

##### Level 2

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

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

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

##### Level 3

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2024</b>				
<b>Assets</b>				
Bonds	–	1,377,268	–	1,377,268
Collective Investment Schemes	24,055,366	43,412,096	–	67,467,462
Derivatives	21,074	20,585	–	41,659
<b>Total</b>	<b>24,076,440</b>	<b>44,809,949</b>	<b>–</b>	<b>68,886,389</b>

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2023</b>				
<b>Assets</b>				
Collective Investment Schemes	14,817,513	30,024,889	–	44,842,402
Derivatives	17,885	187,215	–	205,100
<b>Total</b>	<b>14,835,398</b>	<b>30,212,104</b>	<b>–</b>	<b>45,047,502</b>
<b>Liabilities</b>				
Derivatives	–	(156,454)	–	(156,454)

## 7IM PATHBUILDER 2 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 176.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	1,363	—	—	—	—	—
Collective Investment Schemes	18,341	—	—	—	—	—
Equities	6,063	—	—	—	—	—
<b>Total</b>	<b>25,767</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	4,780	—	—	—	—	—
Equities	1,868	—	—	—	—	—
<b>Total</b>	<b>6,648</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>		

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	11,812	—	—	—	—	—
Equities	3,810	—	—	—	—	—
<b>Total</b>	<b>15,622</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	16,750	—	—	—	—	—
Equities	3,378	—	—	—	—	—
<b>Total</b>	<b>20,128</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 0.04% (2023: 0.06%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 111.26p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 115.46p. This represents an increase of 3.77% from the year end value.

## 7IM PATHBUILDER 2 FUND

### DISTRIBUTION TABLES

for the year ended 31 May 2024

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	1.2628	—	1.2628	0.7788
Group 2	0.8085	0.4543	1.2628	0.7788

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.3134	—	1.3134	0.7940
Group 2	0.9058	0.4076	1.3134	0.7940

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	1.5501	—	1.5501	1.2142
Group 2	0.4642	1.0859	1.5501	1.2142

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	1.6347	—	1.6347	1.2489
Group 2	0.6606	0.9741	1.6347	1.2489

#### 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 PATHBUILDER 3 FUND

## ACD'S REPORT

for the year ended 31 May 2024

### Investment Objective and Policy

The 7IM Pathbuilder 3 Fund (the 'Sub-fund') aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 3 Fund is at the upper end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 44% to 84% of its assets to equities and 14% to 54% to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

Up to 20% of the Sub-fund will be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above.

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

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). The Sub-fund may also invest in derivatives for investment purposes.

### Comparator Benchmark

The Sub-Fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-Fund has met its investment objective. The Sub-Fund's returns will be published on [www.7im.co.uk](http://www.7im.co.uk).

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 12.02%<sup>1</sup>.

#### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

<sup>1</sup>Calculated using 7IM Pathbuilder 3 Fund C Acc shares, published prices. Source: NTRS.

## 7IM PATHBUILDER 3 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Background (continued)

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding its way to new highs.

##### Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our strategic asset allocation (SAA) process.

In August 2023, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

## 7IM PATHBUILDER 3 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost-of-living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM PATHBUILDER 3 FUND

### FUND INFORMATION

The Comparative Tables on pages 199 to 200 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 PATHBUILDER 3 FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	101.89	102.55	104.11
Return before operating charges*	12.58	1.68	(0.02)
Operating charges (calculated on average price)	(0.37)	(0.35)	(0.37)
Return after operating charges*	12.21	1.33	(0.39)
Distributions on income shares	(2.58)	(1.99)	(1.17)
Closing net asset value per share	111.52	101.89	102.55
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	(0.01)

### Performance

Return after charges <sup>2</sup>	11.98%	1.30%	(0.37)%
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### Other Information

Closing net asset value (£'000)	2,518	583	442
Closing number of shares	2,257,935	572,565	430,681
Operating charges <sup>3</sup>	0.34%	0.35%	0.35%
Direct transaction costs	(0.01)%	0.00%	(0.01)%

### Prices

Highest share price	115.60	105.32	111.86
Lowest share price	100.24	95.14	99.92

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 201.

# 7IM PATHBUILDER 3 FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	105.73	104.35	104.76
Return before operating charges*	13.14	1.74	(0.03)
Operating charges (calculated on average price)	(0.38)	(0.36)	(0.38)
Return after operating charges*	12.76	1.38	(0.41)
Distributions	(2.69)	(2.04)	(1.14)
Retained distributions on accumulation shares	2.69	2.04	1.14
Closing net asset value per share	118.49	105.73	104.35
* After direct transaction costs of: <sup>1</sup>	(0.01)	0.00	(0.01)

#### Performance

Return after charges <sup>2</sup>	12.07%	1.32%	(0.39)%
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#### Other Information

Closing net asset value (£'000)	66,331	34,083	32,314
Closing number of shares	55,978,796	32,236,934	30,966,955
Operating charges <sup>3</sup>	0.34%	0.35%	0.35%
Direct transaction costs	(0.01)%	0.00%	(0.01)%

#### Prices

Highest share price	121.18	107.98	112.56
Lowest share price	104.02	96.81	100.83

<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 201.

## 7IM PATHBUILDER 3 FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.07%
Ongoing Charges Figure	<hr/> 0.34%

As at 31 May 2023

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.08%
Ongoing Charges Figure	<hr/> 0.35%

<sup>1</sup> Other expenses is capped at 0.05%.

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 3 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 2024 was five. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 year	3 years	Since Launch
7IM Pathbuilder 3 Fund <sup>1, 2</sup>	12.02	13.20	18.49

<sup>1</sup> Source: Bloomberg.  
<sup>2</sup> The Sub-fund launched on 9 December 2020.

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 216.

# 7IM PATHBUILDER 3 FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>FUTURES CONTRACTS 0.06% (0.04%)<sup>1</sup></b>		
	<b>United States 0.06% (0.04%)<sup>1</sup></b>		
132	MSCI ICUS Emerging Futures June 2024	<b>38,771</b>	<b>0.06</b>
	<b>FORWARD CURRENCY CONTRACTS -0.03% (0.01%)<sup>1</sup></b>		
US\$(2,000,000)	Vs £1,585,382 Expiry 12.07.2024	13,612	0.02
US\$1,600,000	Vs £(1,257,793) Expiry 12.07.2024	(378)	—
US\$2,000,000	Vs £(1,606,723) Expiry 12.07.2024	(34,953)	(0.05)
		<b>(21,719)</b>	<b>(0.03)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 89.02% (87.59%)<sup>1</sup></b>		
	<b>Ireland 26.38% (26.02%)<sup>1</sup></b>		
1,265,017	BNY Mellon Global - BNY Mellon Efficient Global High Yield Beta Fund	1,363,562	1.98
472,579	HSBC Global Funds ICAV - Global Government Bond Index Fund	3,457,861	5.03
1,496,603	iShares MSCI USA ESG Screened UCITS ETF	12,355,955	17.95
994,724	Legal & General Emerging Markets Government Bond USD Index Fund	980,201	1.42
		<b>18,157,579</b>	<b>26.38</b>
	<b>Japan 9.01% (10.13%)<sup>1</sup></b>		
7,122,272	Legal & General Japan Index Trust	<b>6,206,348</b>	<b>9.01</b>
	<b>Luxembourg 1.95% (1.72%)<sup>1</sup></b>		
13,271	Lyxor Core UK Government Bond (DR) UCITS ETF	<b>1,343,291</b>	<b>1.95</b>
	<b>United Kingdom 43.89% (45.71%)<sup>1</sup></b>		
6,893,835	Fidelity Investment Funds ICVC - Index UK Fund	12,411,661	18.03
592,577	HSBC Index Tracker Investment Funds - European Index Fund	8,286,296	12.04
2,972,730	iShares ESG Overseas Corporate Bond Index Fund (UK)	3,299,810	4.79
1,190,738	iShares Global Property Securities Index	2,584,944	3.75
880,724	iShares UK Equity Index Fund UK	2,660,444	3.86
	Legal & General Emerging Markets Government Bond Local Currency		
1,488,110	Index Fund Acc	978,879	1.42
		<b>30,222,034</b>	<b>43.89</b>
	<b>United States 7.79% (4.01%)<sup>1</sup></b>		
86,883	Invesco MSCI USA ESG Universal Screened UCITS ETF	<b>5,363,288</b>	<b>7.79</b>
	<b>Portfolio of investment</b>	<b>61,309,592</b>	<b>89.05</b>
	Net other assets <sup>2</sup>	7,539,367	10.95
	<b>Net assets</b>	<b>68,848,959</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £1,000,000 and Deutsche Global Liquidity Managed Sterling Fund Platinum to the value of £4,000,000 which are shown as Cash equivalents in the Balance Sheet of the Sub-fund.

## 7IM PATHBUILDER 3 FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		3,773,730		(189,916)
Revenue		1,286,959		764,044	
Expenses	6	(102,913)		(80,761)	
Interest payable and similar charges	8	(1,466)		(1,683)	
Net revenue before taxation for the year		1,182,580		681,600	
Taxation	7	(94,871)		(40,581)	
Net revenue after taxation for the year			1,087,709		641,019
<b>Total return before distributions</b>			4,861,439		451,103
Distributions	8		(1,088,183)		(641,295)
<b>Change in net assets attributable to shareholders from investment activities</b>			3,773,256		(190,192)

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

for the year ended 31 May 2024

		31.05.24		31.05.23
		£	£	£
<b>Opening net assets attributable to shareholders</b>			34,666,384	32,756,017
Amounts received on creation of shares <sup>1</sup>	39,361,827		6,516,711	
Amounts paid on cancellation of shares <sup>1</sup>	(10,192,242)		(5,060,736)	
		29,169,585		1,455,975
Dilution levy		2,168		—
Change in net assets attributable to shareholders from investment activities		3,773,256		(190,192)
Retained distribution on accumulation shares		1,237,566		644,584
<b>Closing net assets attributable to shareholders</b>		68,848,959		34,666,384

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

The notes on pages 206 to 215 are an integral part of these financial statements.

# 7IM PATHBUILDER 3 FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		61,344,923	30,397,680
Current assets:			
Debtors	9	1,430,284	361,234
Cash and bank balances	10	2,903,243	1,029,469
Cash equivalents	10	5,000,000	3,077,330
<b>Total assets</b>		<b>70,678,450</b>	<b>34,865,713</b>
<b>LIABILITIES</b>			
Investment liabilities		(35,331)	(17,235)
Creditors:			
Bank overdrafts	10	—	—
Distribution payable	8	(34,305)	(7,048)
Other creditors	11	(1,759,855)	(175,046)
<b>Total liabilities</b>		<b>(1,829,491)</b>	<b>(199,329)</b>
<b>Net assets attributable to shareholders</b>		<b>68,848,959</b>	<b>34,666,384</b>

The notes on pages 206 to 215 are an integral part of these financial statements.

# 7IM PATHBUILDER 3 FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's financial statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's financial statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	3,574,810	345,406
Derivative contracts	267,212	(392,340)
Forward currency contracts	(56,952)	(141,066)
Currency (losses)/gains	(894)	3,136
Transaction charges	(12,780)	(6,538)
AMC rebates from underlying investments	2,308	1,486
CSDR penalty	26	—
Net capital gains/(losses)	3,773,730	(189,916)

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	710,536	480,181
Taxable dividends	523,260	271,389
AMC rebates from underlying investments	1,546	960
Bank interest	51,617	11,514
Total revenue	1,286,959	764,044

## 7IM PATHBUILDER 3 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	94,343	71,140
Other expenses	4,179	3,737
	<u>98,522</u>	<u>74,877</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7,642	5,821
Safe custody and other bank charges	12,338	12,983
	<u>19,980</u>	<u>18,804</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	2,962	1,748
FCA and other regulatory fees	168	168
Legal and professional fees	1,207	–
Market data fees	4,460	3,993
Printing, postage and distribution costs	10,232	10,133
Risk analysis fees	10,475	9,881
Subsidy of other expenses by the ACD <sup>2</sup>	(59,108)	(47,914)
	<u>(15,589)</u>	<u>(12,920)</u>
Total expenses	<u>102,913</u>	<u>80,761</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

<sup>2</sup> Please refer to Note 2(f) Capped expenses on page 12 for further details.

# 7IM PATHBUILDER 3 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	94,871	40,581
Current tax charge (note 7b)	94,871	40,581
Total taxation	94,871	40,581
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	1,182,580	681,600
Corporation tax at 20%	236,516	136,320
Effects of:		
AMC rebates taken to capital	462	297
Non-taxable dividends	(142,107)	(96,036)
Total tax charge (note 7a)	94,871	40,581
<i>c) Deferred tax</i>		
There is no deferred tax provision in the current year (2023: none).		
At the year end, there is no potential deferred tax asset (2023: none).		

### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	351,673	240,692
Final <sup>1</sup>	925,655	413,652
	1,277,328	654,344
Add: Revenue deducted on cancellation of shares	50,234	18,439
Deduct: Revenue received on issue of shares	(239,379)	(31,488)
Net distributions for the year	1,088,183	641,295
Interest payable and similar charges	1,466	1,683
Total distribution	1,089,649	642,978
Details of the distributions per share are set out in the table on page 216.		
Distributions represented by:		
Net revenue after taxation	1,087,709	641,019
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>2</sup>	462	297
Net movement in revenue account	12	(21)
Net distributions for the year	1,088,183	641,295

<sup>1</sup> Distribution payable at the year end of £34,305 (2023: £7,048) are disclosed in the Balance Sheet on page 205.

<sup>2</sup> Please refer to Note 2(i) Distribution Policy on page 12 for further details.

# 7IM PATHBUILDER 3 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 9 Debtors

	31.05.24	31.05.23
	£	£
Amounts receivable for issue of shares	1,091,991	199,315
Sales awaiting settlement	33,998	—
Accrued revenue	233,410	106,728
Income tax recoverable	7,275	5,805
AMC rebates from underlying investments	2,557	1,472
Prepaid expenses	61,053	47,914
Total debtors	1,430,284	361,234

### 10 Cash and bank balances

	31.05.24	31.05.23
	£	£
Cash and bank balances	2,823,512	972,540
Cash held at clearing houses	79,731	56,929
Cash equivalents	5,000,000	3,077,330
Total cash and bank balances	7,903,243	4,106,799

### 11 Other creditors

	31.05.24	31.05.23
	£	£
Amounts payable for cancellation of shares	68,054	23
Purchases awaiting settlement	1,561,550	104,825
Accrued expenses	35,380	29,617
Corporation tax payable	94,871	40,581
Total other creditors	1,759,855	175,046

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £12,590 (2023: £6,385).

The amounts receivable from 7IM (the 'ACD') as at year end are £61,053 (2023: £47,914). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 204. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £1,091,991 (2023: £199,315) and £68,054 (2023: £23), accordingly.

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

Aegon	23.62% (2023: 0.02%)
Pershing Nominees Limited	61.98% (2023: 88.14%)

The net value of creations and cancellations for Aegon during the year totalled £16,297,517 (2023: £Nil). The distributions paid and payable to Aegon during and as at the year end are £Nil and £Nil (2023: £Nil and £Nil), accordingly.

# 7IM PATHBUILDER 3 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 12 Related party transactions (continued)

The net value of creations and cancellations for Pershing Nominees Limited during the year totaled £12,071,046 (2023: £80,003). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £11,053 and £33,110 (2023: £5,260 and £6,315), accordingly.

### 13 Classes of Shares

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

Class C 0.22%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	572,565	1,789,145	(103,775)	–	2,257,935
Class C Accumulation	32,236,934	32,903,834	(9,161,972)	–	55,978,796

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

#### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	25	–	–	25
US dollar	3,890	–	3,496,634	3,500,524
Pound sterling	7,899,328	–	59,278,573	67,177,901
	7,903,243	–	62,775,207	70,678,450

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
US dollar	–	–	(249,748)	(249,748)
Pound sterling	–	–	(1,579,743)	(1,579,743)
	–	–	(1,829,491)	(1,829,491)

## 7IM PATHBUILDER 3 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 31 May 2023

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	26	—	—	26
US dollar	636	—	3,365,976	3,366,612
Pound sterling	4,106,137	—	30,688,005	34,794,142
	<b>4,106,799</b>	<b>—</b>	<b>34,053,981</b>	<b>38,160,780</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Fixed Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
US dollar	—	—	(1,009,044)	(1,009,044)
Pound sterling	—	—	(2,485,352)	(2,485,352)
	<b>—</b>	<b>—</b>	<b>(3,494,396)</b>	<b>(3,494,396)</b>

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.

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	25	—	25
US dollar	(245,857)	3,496,663	3,250,776
	<b>(245,832)</b>	<b>3,496,663</b>	<b>3,250,801</b>
Pound sterling	7,785,199	57,812,959	65,598,158
Net assets	<b>7,539,367</b>	<b>61,309,592</b>	<b>68,848,959</b>

## 7IM PATHBUILDER 3 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	26	—	26
US dollar	636	2,356,932	2,357,568
	662	2,356,932	2,357,594
Pound sterling	4,285,277	28,023,513	32,308,790
Net assets	4,285,939	30,380,445	34,666,384

##### 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 3.8% 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 around 40% of the Net Asset Value of the Sub-fund and is not expected to exceed 100%. 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 2024 was 9%, 13% and 12% respectively (2023: 12%, 38% and 18% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

## 7IM PATHBUILDER 3 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Goldman Sachs	–	13,161
Intercontinental Exchange	38,771	–
<b>Forward Currency Contracts</b>		
Northern Trust	(21,719)	4,945
<b>Total net exposure<sup>1</sup></b>	<b>17,052</b>	<b>18,106</b>

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

##### iv. Fair value

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

##### Level 1

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

##### Level 2

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

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

##### Level 3

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

## 7IM PATHBUILDER 3 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>31 May 2024</b>				
<b>Assets</b>				
Collective Investment Schemes	29,384,028	31,908,512	–	61,292,540
Derivatives	38,771	13,612	–	52,383
<b>Total</b>	<b>29,422,799</b>	<b>31,922,124</b>	<b>–</b>	<b>61,344,923</b>
<b>Liabilities</b>				
Derivatives	–	(35,331)	–	(35,331)
<b>31 May 2023</b>				
<b>Assets</b>				
Collective Investment Schemes	13,072,008	17,290,331	–	30,362,339
Derivatives	13,161	22,180	–	35,341
<b>Total</b>	<b>13,085,169</b>	<b>17,312,511</b>	<b>–</b>	<b>30,397,680</b>
<b>Liabilities</b>				
Derivatives	–	(17,235)	–	(17,235)

#### 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 198.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	23,030	–	–	–	–	–
Equities	9,508	–	–	–	–	–
<b>Total</b>	<b>32,538</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	5,571	–	–	–	–	–
Equities	866	–	–	–	–	–
<b>Total</b>	<b>6,437</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 PATHBUILDER 3 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	4,280	—	—	—	—	—
Equities	1,487	—	—	—	—	—
<b>Total</b>	<b>5,767</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	4,055	—	—	—	—	—
Equities	566	—	—	—	—	—
<b>Total</b>	<b>4,621</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 0.04% (2023: 0.09%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 118.49p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 122.74p. This represents an increase of 3.59% from the year end value.

## 7IM PATHBUILDER 3 FUND

### DISTRIBUTION TABLES

for the year ended 31 May 2024

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	1.0588	—	1.0588	0.7620
Group 2	0.6480	0.4108	1.0588	0.7620

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.0994	—	1.0994	0.7753
Group 2	0.7451	0.3543	1.0994	0.7753

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	1.5193	—	1.5193	1.2310
Group 2	1.3604	0.1589	1.5193	1.2310

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	1.5923	—	1.5923	1.2613
Group 2	0.7992	0.7931	1.5923	1.2613

#### 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 PATHBUILDER 4 FUND

## ACD'S REPORT

for the year ended 31 May 2024

### Investment Objective and Policy

7IM Pathbuilder 4 Fund aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 4 Fund is at the highest end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 73% to 100% of its assets to equities and 0% to 25% to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

Up to 20% of the Sub-fund will be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above. In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, money market funds, treasury bills, government bonds or short-term money market instruments.

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). The Sub-fund may also invest in derivatives for investment purposes.

### Comparator Benchmark

The Sub-fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-fund has met its investment objective. The Sub-fund's returns will be published on [www.7im.co.uk](http://www.7im.co.uk).

### Investment Manager's Report

#### Performance Report

In the reporting year, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 13.76%<sup>1</sup>.

#### Investment Background

Financial markets were relatively well behaved in June 2023. Despite the most heavily forecasted recession in history supposedly being just around the corner, stock markets indices have performed very well over the first half of 2023. Strong index-level performance continued to be driven by a small number of stocks, with Apple being the largest contributor to S&P 500's performance in June. June also saw more positive news headline figures as rates rose meaning US inflation fell from a high of 9% in 2022 to 3%.

July 2023 was another busy macro month. In line with market expectations, central banks continued their fights against rising inflation. The US Federal Reserve (FED) and European Central Bank (ECB) raised rates, and the Bank of Japan also joined the tightening wave after decades of doing the opposite. There were also some positive economic rumbles in Beijing as China signalled more support for the real estate sector and to boost domestic consumption. Global equity markets had another month of gains, showing the market remains bullish following stronger than expected growth data, corporate earnings, and cooling inflation. The AI mania remained a driver of performance of US stocks.

After a strong rally for global equities, in August 2023 the financial markets saw the first monthly decline in US equities since February. The S&P 500 and technology heavy Nasdaq both fell over the month. US Treasury Yields increased given better than expected economic data, dragging down US stocks.

<sup>1</sup> Calculated using 7IM Pathbuilder 4 Fund C Acc shares, published prices. Source: NTRS.

## 7IM PATHBUILDER 4 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Background (continued)

In September 2023, stock markets were under pressure as rising bond yields started to worry investors once more. The 10-year U.S. Treasury yield hit a 16-year high, driven by fears of higher-for-longer rates, as the unexpectedly resilient US economy continued to defy predictions for a recession. China continued to be in the headlines from sluggish growth, high youth unemployment rate and a crumbling property sector.

Global markets continued their downward trend in October 2023. Mediocre quarterly earnings prompted the fall in global equity markets, despite stronger than expected economic growth data. Long end treasury yields continued to climb, with the US 10-year yield briefly touching 5% for the first time in 16 years and pulling back shortly after. However, October ended with some good news with a focus on interest rates as the FED, Bank of England, and the ECB all maintained unchanged rates.

In November 2023, global markets rebounded as both equity and fixed income markets flourished. The S&P 500 closed the month with one of the best November gains in a century, marking a swift turnaround from the three-month losing streak. 10-year US treasury yields fell from their October peak of 5%, as another decline in inflation figures prompted widespread belief that both the FED and the ECB have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

December 2023 continued the positive trends for bonds and equity markets. Broad equity markets rallied across the world (other than in Japan), while 10-year US government bond yields fell under 4%, continuing their decline from a high of 5% in October. Investors began to get excited about possible rate cuts in 2024, following some positive words from the FED about the battle against inflation.

The December equity rally flowed into January 2024, pushing the US benchmark index to an all-time high. It was only at the very end of the month that investors had a brief reality check – with the FED making it clear that rate cuts weren't as close as many had hoped; certainly unlikely before Easter.

Sentiment was still positive in February 2024, with the S&P 500 hitting the 5000 level for the first time and the Nikkei reaching an all-time high for the first time in four decades. However, concentration issues still continued in markets, with the Magnificent Seven still dominating returns. The initial UK estimates of Q4 GDP suggested a contraction, meaning that the UK would have experienced two quarters in a row – a recession by many definitions.

In March 2024, the Bank of Japan brought an end to eight years of negative interest rates. All remained quiet on the other central banking fronts, with ongoing optimism about a soft landing reinforcing the trends seen in January and February – stable bond yields and rising equity markets.

April 2024 was the first month where investors turned slightly negative. Weaker-than-expected US retail sales data was one of many economic indicators which caused some to reconsider their confidence in the robustness of the global economy. The two-year US Treasury yield moved back up to 5%, while equity markets around the world struggled for the first time in 2024.

The interest rate/inflation outlook was still the dominant force in May 2024, as FED officials signalled that US rate cuts would be unlikely in the summer months, even though economic data continued on a slightly weaker trend around the world. Despite this, and the increase in political noise in the UK, Europe and US, markets have remained relatively benign – with the S&P 500 in particular finding it's way to new highs.

##### Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our strategic asset allocation (SAA) process.

In August 2023, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure.

## 7IM PATHBUILDER 4 FUND

### ACD'S REPORT (continued) for the year ended 31 May 2024

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

##### Investment Outlook

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

Over the next twelve months, we think that the global economy will slow down – prompting bouts of volatility. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation is coming down: Across the developed world, inflation has peaked, and is mostly falling. Supply-chain disruptions have eased, energy prices are a little more settled, and companies are no longer reporting issues with finding workers. Of course, slower inflation still means rising prices – so the cost-of-living pain isn't going away quickly.
- Interest rates are high: We're now over a year into the rate hiking cycle. Interest rates are unambiguously high when compared with the past decade. The impact of higher rates is always the same – although time-to-effect changes in every cycle.
- The economy is slowing: For consumers and companies, day-to-day life is getting harder – whether it's rising costs or increased debt, there's less money left at the end of the week or month. As the flow of money around the economy slows, strong growth is more difficult to achieve. The world may or may not slip into a 'technical' recession in the next three months, but a sluggish growth environment is already here.

Sluggish and sideways – In an environment with lots of uncertainty and a lack of confidence, we want to make sure portfolios are insulated against shocks, while still generating sufficient returns to make investing worthwhile. We think our portfolios are set up to do just that.

Seven Investment Management LLP  
Investment Manager  
September 2024

## 7IM PATHBUILDER 4 FUND

### FUND INFORMATION

The Comparative Tables on pages 221 to 222 give the performance of each active share class in the Sub-fund.

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

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

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

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives) 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 PATHBUILDER 4 FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	96.10	96.22	100.00
Return before operating charges*	13.55	2.06	(2.83)
Operating charges (calculated on average price)	(0.34)	(0.32)	(0.16)
Return after operating charges*	13.21	1.74	(2.99)
Distributions on income shares	(2.40)	(1.86)	(0.79)
Closing net asset value per share	106.91	96.10	96.22
* After direct transaction costs of: <sup>2</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>3</sup>	13.75%	1.81%	(2.99)%
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#### Other Information

Closing net asset value (£'000)	4,341	3,280	2,753
Closing number of shares	4,060,487	3,413,374	2,860,771
Operating charges <sup>4</sup>	0.34%	0.34%	0.33%
Direct transaction costs	(0.01)%	0.00%	0.00%

#### Prices

Highest share price	111.00	99.91	103.07
Lowest share price	94.42	89.70	91.77

<sup>1</sup> The Sub-fund launched on 3 December 2021.

<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 223.

# 7IM PATHBUILDER 4 FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 <sup>1</sup> (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	98.78	97.01	100.00
Return before operating charges*	14.05	2.10	(2.83)
Operating charges (calculated on average price)	(0.36)	(0.33)	(0.16)
Return after operating charges*	13.69	1.77	(2.99)
Distributions	(2.48)	(1.89)	(0.79)
Retained distributions on accumulation shares	2.48	1.89	0.79
Closing net asset value per share	112.47	98.78	97.01
* After direct transaction costs of: <sup>2</sup>	(0.01)	0.00	0.00

#### Performance

Return after charges <sup>3</sup>	13.86%	1.82%	(2.99)%
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#### Other Information

Closing net asset value (£'000)	29,192	12,160	11,532
Closing number of shares	25,954,728	12,309,583	11,888,365
Operating charges <sup>4</sup>	0.34%	0.34%	0.33%
Direct transaction costs	(0.01)%	0.00%	0.00%

#### Prices

Highest share price	115.32	101.53	103.07
Lowest share price	97.06	90.44	91.77

<sup>1</sup> The Sub-fund launched on 3 December 2021.

<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 223.

## 7IM PATHBUILDER 4 FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 31 May 2024

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.07%
Ongoing Charges Figure	<hr/> 0.34%

As at 31 May 2023

	<b>Class C</b>
ACD's periodic charge	0.22%
Other expenses <sup>1</sup>	0.05%
	<hr/> 0.27%
Collective investment scheme costs	0.07%
Ongoing Charges Figure	<hr/> 0.34%

<sup>1</sup> Other expenses is capped at 0.05%.

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. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 4 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 2024 was five. The risk and reward rating remain the same from the last reporting period.

Fund performance to 31 May 2024 (%)

	1 year	Since Launch
7IM Pathbuilder 4 Fund <sup>1, 2</sup>	13.76	12.06

<sup>1</sup> Source: Bloomberg.

<sup>2</sup> The Sub-fund launched on 3 December 2021.

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 238.

# 7IM PATHBUILDER 4 FUND

## PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>FUTURES CONTRACTS 0.03% (0.08%)<sup>1</sup></b>		
	<b>United States 0.03% (0.08%)<sup>1</sup></b>		
78	MSCI ICUS Emerging Futures June 2024	10,859	0.03
	<b>FORWARD CURRENCY CONTRACTS -0.04% (-0.18%)<sup>1</sup></b>		
US\$(660,000)	Vs £523,176 Expiry 12.07.2024	4,492	0.01
US\$(570,000)	Vs £451,834 Expiry 12.07.2024	3,879	0.01
US\$(560,000)	Vs £443,907 Expiry 12.07.2024	3,811	0.01
¥30,999,999	Vs £(162,789) Expiry 15.11.2024	(4,080)	(0.01)
US\$3,270,000	Vs £(2,570,615) Expiry 12.07.2024	(772)	–
US\$570,000	Vs £(449,456) Expiry 12.07.2024	(1,502)	–
US\$660,000	Vs £(525,671) Expiry 12.07.2024	(6,987)	(0.02)
US\$1,300,000	Vs £(1,034,328) Expiry 12.07.2024	(12,676)	(0.04)
		<b>(13,835)</b>	<b>(0.04)</b>
	<b>COLLECTIVE INVESTMENT SCHEMES 86.75% (84.57%)<sup>1</sup></b>		
	<b>Europe (ex UK) 14.95% (12.02%)<sup>1</sup></b>		
358,501	HSBC Index Tracker Investment Funds - European Index Fund	5,013,094	14.95
	<b>Ireland 17.67% (19.11%)<sup>1</sup></b>		
717,734	iShares MSCI USA ESG Screened UCITS ETF	5,925,612	17.67
	<b>Japan 10.97% (12.54%)<sup>1</sup></b>		
4,221,079	Legal & General Japan Index Trust	3,678,248	10.97
	<b>North America 12.72% (8.65%)<sup>1</sup></b>		
69,101	Invesco MSCI USA ESG Universal Screened UCITS ETF	4,265,605	12.72
	<b>United Kingdom 30.44% (32.25%)<sup>1</sup></b>		
3,305,654	Fidelity Investment Funds ICVC - Index UK Fund	5,951,499	17.75
748,722	iShares Global Property Securities Index	1,625,381	4.85
870,449	iShares UK Equity Index Fund UK	2,629,407	7.84
		<b>10,206,287</b>	<b>30.44</b>
	<b>Portfolio of investment</b>	<b>29,085,870</b>	<b>86.74</b>
	Net other assets <sup>2</sup>	4,446,869	13.26
	<b>Net assets</b>	<b>33,532,739</b>	<b>100.00</b>

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

<sup>1</sup> Comparative figures shown in brackets relate to 31 May 2023.

<sup>2</sup> Includes shares in the Deutsche Global Liquidity Managed Sterling Fund Platinum to the value of £3,400,000 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

## 7IM PATHBUILDER 4 FUND

### STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains	4		2,125,374		88,233
Revenue		571,478		339,662	
Expenses	6	(46,184)		(36,491)	
Interest payable and similar charges	8	(1,141)		(1,056)	
Net revenue before taxation for the year		524,153		302,115	
Taxation	7	(23,028)		(3,852)	
Net revenue after taxation for the year			501,125		298,263
<b>Total return before distributions</b>			2,626,499		386,496
Distributions	8		(501,128)		(298,262)
<b>Change in net assets attributable to shareholders from investment activities</b>			2,125,371		88,234

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

for the year ended 31 May 2024

		31.05.24		31.05.23
	£	£	£	£
<b>Opening net assets attributable to shareholders</b>		15,439,943		14,284,828
Amounts received on creation of shares <sup>1</sup>	21,919,192		4,041,382	
Amounts paid on cancellation of shares <sup>1</sup>	(6,455,983)		(3,208,152)	
		15,463,209		833,230
Dilution levy		1,239		724
Change in net assets attributable to shareholders from investment activities		2,125,371		88,234
Retained distribution on accumulation shares		502,977		232,927
<b>Closing net assets attributable to shareholders</b>		33,532,739		15,439,943

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

The notes on pages 228 to 237 are an integral part of these financial statements.

# 7IM PATHBUILDER 4 FUND

## BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
<b>ASSETS</b>			
Fixed assets:			
Investments		29,111,887	13,070,239
Current assets:			
Debtors	9	1,103,339	147,336
Cash and bank balances	10	613,032	1,340,078
Cash equivalents	10	3,400,000	1,026,102
<b>Total assets</b>		<b>34,228,258</b>	<b>15,583,755</b>
<b>LIABILITIES</b>			
Investment liabilities		(26,017)	(27,145)
Creditors:			
Distribution payable	8	(54,626)	(37,687)
Other creditors	11	(614,876)	(78,980)
<b>Total liabilities</b>		<b>(695,519)</b>	<b>(143,812)</b>
<b>Net assets attributable to shareholders</b>		<b>33,532,739</b>	<b>15,439,943</b>

The notes on pages 228 to 237 are an integral part of these financial statements.

# 7IM PATHBUILDER 4 FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2024

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 11.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 11 to 14.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 14 to 15.

### 4 Net capital gains

	31.05.24 £	31.05.23 £
The net capital gains during the year comprise:		
Non-derivative securities	2,014,694	289,195
Derivative contracts	203,026	(274,690)
Forward currency contracts	(85,848)	57,812
Currency gains	1,408	20,298
Transaction charges	(7,911)	(4,385)
CSDR penalty reimbursement	5	3
Net capital gains	2,125,374	88,233

### 5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	409,014	274,521
Taxable dividends	124,119	47,429
AMC rebates from underlying investments	1,234	729
Bank interest	37,111	16,983
Total revenue	571,478	339,662

## 7IM PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 6 Expenses

	31.05.24 £	31.05.23 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	44,115	33,311
Other expenses	4,179	3,737
	<u>48,294</u>	<u>37,048</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2,992	2,726
Safe custody and other bank charges	7,941	7,037
	<u>10,933</u>	<u>9,763</u>
Other Expenses:		
Audit fee <sup>1</sup>	14,015	9,071
Dealing and exchange fees	1,413	418
FCA and other regulatory fees	154	183
Legal and professional fees	1,207	–
Market data fees	4,461	3,721
Printing, postage and distribution costs	8,475	8,941
Risk analysis fees	10,475	9,881
Subsidy of other expenses by the ACD <sup>2</sup>	(53,243)	(42,535)
	<u>(13,043)</u>	<u>(10,320)</u>
Total expenses	<u>46,184</u>	<u>36,491</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 5% support cost.

<sup>2</sup> Please refer to Note 2(f) Capped expenses on page 12 for further details.

# 7IM PATHBUILDER 4 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

### 7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	23,028	3,852
Current tax charge (note 7b)	23,028	3,852
Total taxation	23,028	3,852
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	524,153	302,115
Corporation tax at 20%	104,831	60,423
Effects of:		
Non-taxable dividends	(81,803)	(54,904)
Unutilised excess management expenses	–	(1,667)
Total tax charge (note 7a)	23,028	3,852
<i>c) Deferred tax</i>		
There is no deferred tax provision in the current year (2023: none).		
At the year end, there is no potential deferred tax asset (2023: none).		

### 8 Distributions

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

	31.05.24 £	31.05.23 £
Interim	180,151	120,954
Final <sup>1</sup>	417,759	175,825
	597,910	296,779
Add: Revenue deducted on cancellation of shares	42,464	8,413
Deduct: Revenue received on issue of shares	(139,246)	(6,930)
Net distributions for the year	501,128	298,262
Interest payable and similar charges	1,141	1,056
Total distribution	502,269	299,318
Details of the distributions per share are set out in the table on page 238.		
Distributions represented by:		
Net revenue after taxation	501,125	298,263
Allocations to capital:		
Net movement in revenue account	3	(1)
Net distributions for the year	501,128	298,262

<sup>1</sup> Distribution payable at the year end of £54,626 (2023: £37,687) are disclosed in the Balance Sheet on page 225.

## 7IM PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 9 Debtors

	31.05.24	31.05.23
	£	£
Amounts receivable for issue of shares	900,796	46,500
Sales awaiting settlement	19,872	—
Accrued revenue	121,211	52,911
Income tax recoverable	5,540	5,095
AMC rebates from underlying investments	733	295
Prepaid expenses	55,187	42,535
Total debtors	1,103,339	147,336

#### 10 Cash and bank balances

	31.05.24	31.05.23
	£	£
Cash and bank balances	553,867	1,247,314
Cash held at clearing houses	59,165	92,764
Cash equivalents	3,400,000	1,026,102
Total cash and bank balances	4,013,032	2,366,180

#### 11 Other creditors

	31.05.24	31.05.23
	£	£
Amounts payable for cancellation of shares	427,328	3,800
Purchases awaiting settlement	139,683	50,330
Accrued expenses	24,837	20,998
Corporation tax payable	23,028	3,852
Total other creditors	614,876	78,980

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £5,990 (2023: £2,901).

The amounts receivable from 7IM (the 'ACD') as at year end are £55,187 (2023: £42,535). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 226. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £900,796 (2023: £46,500) and £427,328 (2023: £3,800), accordingly.

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

Aegon	35.34% (2023: 0.00%)
Pershing Nominees Limited	24.77% (2023: 22.25%)
Transact Nominees	20.64% (2023: 65.63%)

The net value of creations and cancellations for Aegon during the year totalled £11,926,264 (2023: £Nil). The distributions paid and payable to Aegon during and as at the year end are £Nil and £Nil (2023: £Nil and £Nil), accordingly.

## 7IM PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 12 Related party transactions (continued)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £4,847,068 (2023: £2,295,813). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £27,476 and £23,299 (2023: £12,296 and £11,771), accordingly.

The net value of creations and cancellations for Transact Nominees during the year totalled (£3,282,404) (2023: (£1,346,809)). The distributions paid and payable to Transact Nominees during and as at year end are £39,193 and £24,309 (2023: £29,891 and £20,088), accordingly.

#### 13 Classes of Shares

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

Class C	0.22%
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The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	3,413,374	709,834	(62,721)	–	4,060,487
Class C Accumulation	12,309,583	19,547,049	(5,901,904)	–	25,954,728

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2023: 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 14 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2024

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
US dollar	14,955	–	10,859	25,814
Pound sterling	3,998,077	–	30,204,367	34,202,444
	4,013,032	–	30,215,226	34,228,258

  

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(695,519)	(695,519)
	–	–	(695,519)	(695,519)

## 7IM PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	1,480	–	–	1,480
US dollar	523	–	2,055,272	2,055,795
Pound sterling	2,364,177	–	13,202,393	15,566,570
	2,366,180	–	15,257,665	17,623,845

  

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
US dollar	–	–	(3,818)	(3,818)
Pound sterling	–	–	(2,180,084)	(2,180,084)
	–	–	(2,183,902)	(2,183,902)

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.

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	14,955	10,859	25,814
	14,955	10,859	25,814
Pound sterling	4,431,914	29,075,011	33,506,925
Net assets	4,446,869	29,085,870	33,532,739

Currency exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	1,480	–	1,480
US dollar	3,104	2,048,873	2,051,977
	4,584	2,048,873	2,053,457
Pound sterling	2,392,265	10,994,221	13,386,486
Net assets	2,396,849	13,043,094	15,439,943

## 7IM PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 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 4.47% 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 around 40% of the Net Asset Value of the Sub-fund and is not expected to exceed 100%. 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 2024 was 20%, 35% and 29% respectively (31 May 2023: 27%, 61% and 30% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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

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

Counterparty	31.05.24 £	31.05.23 £
<b>Futures Contracts</b>		
Coffee, Sugar & Cocoa Exchange	–	12,601
Intercontinental Exchange	10,859	–
<b>Forward Currency Contracts</b>		
Northern Trust	(13,835)	(27,145)
<b>Total net exposure<sup>1</sup></b>	<b>(2,976)</b>	<b>(14,544)</b>

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

# 7IM PATHBUILDER 4 FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

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

#### Level 3

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

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

31 May 2024	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Collective Investment Schemes	11,816,598	17,272,248	–	29,088,846
Derivatives	10,859	12,182	–	23,041
<b>Total</b>	<b>11,827,457</b>	<b>17,284,430</b>	<b>–</b>	<b>29,111,887</b>
<b>Liabilities</b>				
Derivatives	–	(26,017)	–	(26,017)

## 7IM PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

#### 15 Risks Disclosures (continued)

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

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Collective Investment Schemes	4,977,292	8,080,346	–	13,057,638
Derivatives	12,601	–	–	12,601
<b>Total</b>	<b>4,989,893</b>	<b>8,080,346</b>	<b>–</b>	<b>13,070,239</b>
<b>Liabilities</b>				
Derivatives	–	(27,145)	–	(27,145)

#### 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 220.

Analysis of direct transaction costs for the year ended 31 May 2024:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	15,563	–	–	–	–	–
<b>Total</b>	<b>15,563</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	1,978	–	–	–	–	–
<b>Total</b>	<b>1,978</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 PATHBUILDER 4 FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2024

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	1,965	—	—	—	—	—
<b>Total</b>	<b>1,965</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Collective Investment Schemes	1,378	—	—	—	—	—
<b>Total</b>	<b>1,378</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 0.04% (2023: 0.13%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 112.44p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 20 September 2024 was 116.26p. This represents an increase of 3.40% from the year end value.

## 7IM PATHBUILDER 4 FUND

### DISTRIBUTION TABLES

for the year ended 31 May 2024

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2023

Group 2 - Shares purchased on or after 1 June 2023 and on or before 30 November 2023

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
<b>Class C Income</b>				
Group 1	1.0537	—	1.0537	0.7549
Group 2	0.8277	0.2260	1.0537	0.7549

	Net Revenue	Equalisation	Allocated 31.01.24	Allocated 31.01.23
<b>Class C Accumulation</b>				
Group 1	1.0834	—	1.0834	0.7630
Group 2	0.4256	0.6578	1.0834	0.7630

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2023

Group 2 - Shares purchased on or after 1 December 2023 and on or before 31 May 2024

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
<b>Class C Income</b>				
Group 1	1.3453	—	1.3453	1.1041
Group 2	1.2182	0.1271	1.3453	1.1041

	Net Revenue	Equalisation	Allocated 31.07.24	Allocated 31.07.23
<b>Class C Accumulation</b>				
Group 1	1.3991	—	1.3991	1.1222
Group 2	0.6827	0.7164	1.3991	1.1222

#### 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 year ended 31 May 2024 as at the balance sheet date.

#### **Securities Lending**

The sub-funds of the Company may engage in securities lending activities. During the year ended 31 May 2024, securities lending was not undertaken and as at the year end, 31 May 2024, no securities were on loan for the following Sub-funds.

7IM Real Return Fund  
7IM Select Moderately Cautious Fund  
7IM Select Balanced Fund  
7IM Select Moderately Adventurous Fund  
7IM Select Adventurous Fund  
7IM Pathbuilder 1 Fund  
7IM Pathbuilder 2 Fund  
7IM Pathbuilder 3 Fund  
7IM Pathbuilder 4 Fund

#### **Collateral**

The sub-funds of the Company may engage in activities which may require collateral to be provided to a counterparty. As at the year end 31 May 2024, no collateral arrangements were in place in respect of securities lending transactions for the following sub-funds.

7IM Real Return Fund  
7IM Select Moderately Cautious Fund  
7IM Select Balanced Fund  
7IM Select Moderately Adventurous Fund  
7IM Select Adventurous Fund  
7IM Pathbuilder 1 Fund  
7IM Pathbuilder 2 Fund  
7IM Pathbuilder 3 Fund  
7IM Pathbuilder 4 Fund

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

# 7IM OPPORTUNITY FUNDS

## GENERAL INFORMATION

### Head Office

4th Floor  
1 Angel Court  
London EC2R 7HJ

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling. Each sub-fund and class is designated in Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

### Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new sub-fund or class of share, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund.

### Classes of Shares

The Company has the following active share classes 'C' Income, 'C' Accumulation, 'D' Accumulation and 'S' Income and 'S' Accumulation. The Company can issue any share class in accordance with the Prospectus.

Holders of Income shares are entitled to be paid the income attributable to such shares in respect of each annual or interim accounting period, as applicable to the relevant sub-fund.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

The valuation point of the Company is 12:00pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### Buying and Selling Shares

The dealing office of the ACD is normally open from 9.00am to 5.30pm London time on each business day. The ACD may vary these times at its discretion. Requests to deal in shares may also be made by telephone on each business day (at the ACD's discretion) between 9.00am and 5.30pm London time directly to the office of the ACD (telephone: 0870 870 7431 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

### Prices

The prices of all shares are published on the ACD's website: [www.7im.co.uk](http://www.7im.co.uk). Alternatively, the prices of all shares may be obtained by calling 0333 300 0354 during the ACD's normal business hours.

# 7IM OPPORTUNITY FUNDS

## GENERAL INFORMATION (continued)

### 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).

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR.

### Data Protection Act

The ACD may transfer your personal information to countries located outside of the EEA. This may happen when the ACD's servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances, the ACD will take steps to ensure that your privacy rights are respected.

Further information on the circumstances in which we may transfer your personal data and the data protection measures we take are set out in our Privacy Notice.

### Risk Warning

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

### Assessment of value

For each of its sub-funds, Seven Investment Management LLP, will publish an Assessment of Value covering the financial year ended 31 May 2024. These statements will be available on Seven Investment Management's website no later than 30 September 2024.

### Taskforce on Climate related Financial Disclosures (TCFD) Report

In accordance with the Taskforce on Climate related Financial Disclosures (TCFD) requirements, Seven Investment Management LLP has prepared its public TCFD report which is available for investors to read and review at the following website link: <https://www.7im.co.uk/media/usynwc12/7im-task-force-on-climate-related-financial-disclosures-report.pdf>

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1 Angel Court  
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[www.7im.co.uk](http://www.7im.co.uk)

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