

**THIS LETTER IS IMPORTANT BUT IS FOR INFORMATION ONLY AND NO ACTION IS REQUIRED.**

**THE CHANGES  
DESCRIBED WILL TAKE EFFECT ON 6 NOVEMBER 2017.**

If you are in any doubt about what it means you should consult your professional adviser immediately.

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**(the 7IM Unconstrained Fund a sub-fund of 7IM Opportunity Funds,  
an investment company with variable capital)**

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**01 September 2017**

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## DEFINITIONS USED IN THIS LETTER

“ACD” and “Investment Manager”	Seven Investment Management LLP (the Authorised Corporate Director of the Scheme)
“AMC”	the Annual Management Charge for each of the share classes in the Fund, as set out in the Prospectus
“COLL Sourcebook”	the Collective Investment Schemes Sourcebook of the FCA, as amended from time to time
“the Company”	7IM Opportunity Funds (an investment company with variable capital)
“the Depository”	Northern Trust Global Services Limited whose registered office is at 50 Bank Street, London E14 5NT
“FCA”	the Financial Conduct Authority
“Instrument of Incorporation”	the Instrument of Incorporation of the Company, as amended from time to time
KIID	Key Investor Information Document
“Prospectus”	the prospectus of the Company as amended from time to time
“the Regulations”	the COLL Sourcebook
“SRRI”	Synthetic Risk and Reward Indicator
“the Fund or the Sub-fund”	the 7IM Unconstrained Fund (a sub-fund of the Company)
“UCITS”	Undertakings for Collective Investment in Transferable Securities, a type of collective investment scheme that (if established in the UK) is authorised and regulated by the FCA and constituted in accordance with the UCITS Directive
“UCITS Directive”	Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) of the European Parliament and Council of 13 July 2009, as amended

**Date: 1 September 2017**

## **LETTER TO SHAREHOLDERS**

**To all holders of shares in the 7IM Unconstrained Fund (the “Fund” or the “Sub-fund”), a sub-fund of the 7IM Opportunity Fund (the “Company”)**

Dear Sir or Madam,

**Changes taking place to the Fund on 6 November 2017 (the “Effective Date”) (these are referred to in this Letter as the Changes)**

We are writing to tell you about the Changes taking place to the Fund on the Effective Date. **Please read the contents of this letter carefully.** If you have recently sold or instructed the sale of your Shares in the Fund you may disregard this letter.

### **Background**

The Fund was launched in January 2012 with the objective of providing a return of CPI (as measured by Consumer Prices Index-All Items) plus 2% over a rolling 3 year period. Despite good performance, the ACD believes that the size of the Fund is constrained by how the Fund is perceived in the market and by its pricing.

The ACD believes that making the Changes will allow the Fund to be marketed to a wider range of investors, therefore potentially both increasing its size and achieving greater economies of scale (and reducing the impact of fixed costs).

### **The Changes and reasons behind them**

#### **1. Changing the name of the 7IM Unconstrained Fund**

**Change:** The name of the Fund will be changing to the **7IM Real Return Fund**.

**Reason:** The ACD believes the current name of the Fund does not accurately reflect the current objective and that changing the name of the fund to the “7IM Real Return Fund” will better describe the objective of the Fund set out above.

2. **Changing the investment objective and policy of the Fund as set out in the Fund's Prospectus**

**Change:** The clarifications to the investment objective and policy as set out in the table below are intended to clarify and add additional disclosures in relation to derivatives and disclose the introduction of risk guidelines:

<b>Prospectus wording before the Effective Date</b>	<b>Prospectus wording after the Effective Date</b>
<b><i>No inclusion of risk guidelines</i></b>	<b>There may be a moderate risk to capital.</b>
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, derivative instruments and forward transactions in accordance with the FCA Rules.	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.
<b><i>No disclosure</i></b>	The Sub-fund may use derivatives for investment purposes as well as for Efficient Portfolio Management.

Please note there is no change to the investment objective of the Fund (apart from the inclusion of the risk guidelines). The investment objective is stated below in full for your reference:

*The investment objective of the Sub-fund is to seek growth in real terms over the medium to longer term. The Fund will aim to provide a total return 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.***

**Reasons:** Feedback from our distribution channels is that there is investor demand for funds with reduced risk profiles. Currently the Fund aims to achieve the objective with no specified risk guidelines – although it is important to note that the current SRRI of 4 contained in the KIID has been consistently maintained since November 2016 and there is no anticipated change to this. The ACD is proposing to respond to this investor demand by disclosing risk guidelines for the Fund in the investment objective. The disclosure of these risk guidelines is intended to aid understanding of the level of risk that could be taken in the Fund (in relation to other funds in the 7IM range). This is not intended to place fixed risk guidelines on the Fund and its primary objective will remain the investment objective stated above. There will be no change to the existing investment strategy of the Fund.

**Change:** A disclosure regarding derivative usage has been added to bring the Fund into line with other funds managed by the ACD but there will in fact be no change to the use of derivatives. The Fund has always had the power to use derivatives for investment purposes.

**Reason:** Clarification.

**3. Reducing the annual management charge and changing the way in which charges of the Sub-fund of the Scheme are calculated as set out in the Prospectus of the Fund**

**Change:** The Fund currently has an underperformance mechanism which reduces the amount of the standard AMC charged on the C and the S share classes, in the event of the Fund's underperformance (as further described in the Prospectus). From the Effective Date, this will be removed and replaced with a permanently reduced AMC as set out below.

Share Class	Standard AMC before the Effective Date	OCF before the Effective Date*	AMC after the Effective Date	OCF after the Effective Date*
<b>Class C</b>	1.00%	1.26%	0.75%	0.94%
<b>Class S</b>	0.75%	1.01%	0.50%	0.69%

\*The OCF figure assumes underlying fund charges and costs as of 31/05/2017 which are subject to change over time.

Additionally, the ACD will bear the cost of all Fund expenses from the Effective Date except for Portfolio Transactions (including Stamp Duty Reserve Tax and brokers' commissions) which will still be charged to the Fund in accordance with the Prospectus.

**Reasons:** Feedback received from our distribution channels is that the mechanics and incidence of the underperformance fee makes it unattractive for investors and for distributors as it lacks clarity and certainty. The ACD considers that removing the underperformance criteria in relation to the C and S classes will remedy these issues.

**Change:** The ACD has decided to bear the cost of the Fund expenses (as stated above) to reduce the overall running costs for investors and also for greater transparency.

**Reason:** Fairness to investors and transparency.

**Costs**

The costs incurred in implementing the proposal will be met by the ACD.

**Consents and Clearances**

The FCA has confirmed by letter that implementation of the proposal will not affect the authorisation of the Fund as an authorised investment company with variable capital.

The Depositary, whilst expressing no opinion on the merits of the proposal, has informed the ACD that it has no objection to the proposal and consents to the references made to it in this document in the form and context in which they appear.

### **Documents for Inspection**

Copies of the following documents will be available for inspection at the offices of Seven Investment Management LLP at 3<sup>rd</sup> Floor, 55 Bishopsgate, London EC2N 3AS from the date of this Letter:

1. The current and proposed Instrument of Incorporation.
2. The current and proposed Prospectus.
3. The proposed KIID.
4. The COLL Sourcebook of the FCA Handbook.
5. The ACD's Reports for the last accounting period for the Fund.
6. The letter from the FCA confirming that the Changes to the Fund will not affect the authorisation of the Fund.

### **Further Advice and Information**

If you have any queries concerning any of the changes, including the proposal, please contact our Customer Services Centre on 0333 300 0354 between 8.30 a.m. and 5.30 p.m. (Monday to Friday). Additionally you should consult your professional adviser if you are uncertain about the contents of this letter.

Yours faithfully



Charles Sparrow  
For and on behalf of  
**Seven Investment Management LLP**  
**(as Authorised Corporate Director of the 7IM Opportunity Funds)**