

7IM FUNDS ICVC

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

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



7IM FUNDS ICVC

DIRECTORY

Authorised Corporate Director ('ACD')

Seven Investment Management LLP*

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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.

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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

Depositary

Northern Trust Investor Services Limited

50 Bank Street

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London E14 5NT

(Authorised and regulated by the Financial Conduct Authority)

Registrar & Administrator

Northern Trust Global Services SE (UK Branch)

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(principal place of business)

Independent Auditor

BDO LLP

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7IM FUNDS ICVC

AUTHORISED STATUS

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

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

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

REMUNERATION DISCLOSURE

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

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

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

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

The total remuneration of those individuals who are fully or partly involved in the activities of the UCITS scheme for the financial year ending 31 December 2023, which is the latest audited figures available, is analysed below:

Fixed Remuneration	£3,137,968
Variable Remuneration	£761,607
Total	£3,899,575
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
Total	£3,899,575

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

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

SUB-FUND CROSS-HOLDINGS

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

7IM FUNDS ICVC

DIRECTOR'S STATEMENT

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



D. Walker

On behalf of Seven Investment Management LLP

ACD of 7IM Funds ICVC

26 September 2024

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

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

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice, as issued by the Investment 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, the ACD does not consider 7IM Absolute Return Portfolio, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV Fund to be going concerns and in consequence, the financial statements for these sub-funds have been prepared on a basis other than going concern;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

7IM FUNDS ICVC

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

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

Qualified Opinion on the financial statements

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

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

Basis for qualified opinion

The following sub-funds hold an investment in the Xenfin Securitised Debt Fund ("Xenfin") within their respective investment portfolio and their exposures as at the balance sheet date are as follows:

Sub-Fund	Total Xenfin Securitised Debt Fund Exposure (£)	% of Net Asset Value of the sub-fund
7IM Absolute Return Portfolio	1,324,427	44.8%
7IM Mulgy Fund	340,141	2.0%
7IM Income Portfolio	663,400	51.3%
7IM CTAK CAPIV Fund	323,886	46.8%
7IM Capital Strategy Fund	87,699	N/A*

*N/A as the net asset value of the 7IM Capital Strategy Fund at 31 May 2024 is zero.

The Authorised Corporate Director ("ACD") provided a valuation for Xenfin Securitised Debt Fund which considered the potential for sale of underlying properties held, as well as the possibility of recovering other losses and expenses incurred.

We have been unable to obtain sufficient appropriate audit evidence to support the valuation and existence of underlying properties held by Xenfin at 31 May 2024 because the ACD could not provide the information required. Furthermore, the valuation of Xenfin assumes the possibility of recovering a proportion of losses and expenses incurred however, the evidence forming the basis of this assessment did not provide us sufficient assurance. Consequently, we were unable to determine whether any adjustments to the value at which these sub-funds recognised their investment in Xenfin as disclosed above, was necessary.

Similar to the prior year and the year ended 31 May 2022, we continue to qualify on the valuation and existence of Xenfin in these sub funds. Our opinion on the current period's financial statements is also modified because we were unable to determine whether any adjustment to each of these sub-fund's investment in Xenfin at 31 May 2023 was necessary or whether there was any consequential effect on the changes in Net Asset attributable to the Shareholders of these sub funds for the year ended 31 May 2024 and 31 May 2023.

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

7IM FUNDS ICVC

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

Independence

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

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate for the Company, 7IM Arden Fund, 7IM Randolph Place Diversified Fund and 7IM Mulgy 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 Arden Fund, 7IM Randolph Place Diversified Fund and 7IM Mulgy Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Emphasis of matter – financial statements of 7IM Absolute Return Portfolio, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV Fund prepared on a basis other than going concern

We draw attention to Note 2(a) to the financial statements which explains that 7IM Absolute Return, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV sub-funds are in the process of being terminated and therefore, the ACD does not consider it to be appropriate to adopt the going concern basis of accounting in preparing their financial statements. Accordingly, the financial statements of these four sub-funds 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.

Emphasis of matter – redress related to Xenfin Securitised Debt Fund

We draw attention to Note 9 of the financial statements which explains the remediation which the ACD is carrying out as a result of 7IM Absolute Return Portfolio, 7IM Income Portfolio, 7IM Capital Strategy Fund, 7IM Mulgy Fund and 7IM CTAK CAPIV Fund holding an investment in Xenfin Securitised Debt Fund. 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.

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the valuation and existence of 7IM Absolute Return Portfolio, 7IM Income Portfolio, 7IM Capital Strategy Fund, 7IM Mulgy Fund and the 7IM CTAK CAPIV Fund's investment in Xenfin as at 31 May 2024 and whether there was any consequential effect on the changes in Net Asset attributable to shareholders of these sub funds for the year ended 31 May 2024 and 31 May 2023. We have concluded that where the other information refers to these, it may be materially misstated for the same reason.

Opinion on other matters prescribed by the COLL Rules

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion based on the work undertaken in the course of the audit, the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Arising solely from the limitation on the scope of our work referred to above:

- we have not obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit; and

7IM FUNDS ICVC

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

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

- we were unable to determine whether adequate accounting records have been kept.

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

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

Responsibilities of Authorised Corporate Director ("ACD")

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

7IM FUNDS ICVC

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

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

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 with the exception of the valuation of the investment in the Xenfin Securitised Debt Fund which is subject to significant judgement and estimates. Our procedures in respect of the above included:

- Obtaining evidence to support the movement in the valuation of Xenfin (where possible) – refer to Basis for qualified opinion section of this report;
- Challenging management on the subjective inputs and assumptions into the valuation; and
- Consideration of the appropriateness of financial statement disclosures in respect of uncertainties that exist.

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. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities 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
United Kingdom
26 September 2024

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

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

Except as noted in the paragraph below, the financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

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

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

(b) Functional and Presentation Currency

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

(c) Recognition of revenue

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

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

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

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

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

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

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

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

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

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

(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.

7IM FUNDS ICVC

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

2. Summary of Significant Accounting Policies (continued)

(e) *Treatment of expenses*

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

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

For 7IM Absolute Return, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV Fund, the ACD have set up a provision for termination expenses to cover the expenses of the Sub-fund. Any additional costs in relation to the termination will be borne by the ACD. Please refer to note 11 for the outstanding amount of the provision for termination expenses as at year end.

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

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

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

(g) *Taxation*

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

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

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

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

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

(h) *Distribution policy*

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

	ACD's Periodic Charge	
	Capital %	Revenue %
7IM Absolute Return Portfolio	-	100
7IM Income Portfolio	100	-
7IM Mulgy Fund	100	-
7IM CTAK CAPIV Fund	100	-
7IM Arden Fund	-	100
7IM Capital Strategy Fund	-	100
7IM Randolph Place Diversified Fund	50	50

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

(i) Basis of valuation of investments

All investments are valued at their fair value as at 12:00pm UK time 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 period.

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

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

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

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

The valuation of assets as at 31 May 2024 can be categorised into two groupings:

1. quoted assets; and
2. unquoted assets

Quoted assets are valued by reference to the single daily price on 31 May 2024 for unit trusts or the closing exchange bid price on 31 May 2024 (being the last business day of the financial period). If there is no active market for any asset, it will be treated, for valuation purposes, as an Unquoted asset.

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

Sub-fund	Unquoted Asset % of Net Asset Value of the sub-fund as at 31 May 2024
7IM Absolute Return Portfolio	44.8
7IM Income Portfolio	51.3
7IM Mulgy Fund	2.0
7IM Capital Strategy	n/a*
7IM CTAK CAPIV Fund	46.8

*n/a as the net asset value of the 7IM Capital Strategy Fund at 31 May 2024 is zero.

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

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

2. Summary of Significant Accounting Policies (continued)

(j) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at 12:00pm UK time on 31 May 2024, being the last business day of the financial year.

(k) Dilution levy

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

(l) Stock lending

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

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

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

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

(m) Cash and cash equivalents

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

(n) Significant judgements and estimates

Judgements

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

Estimations

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

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

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

2. Summary of Significant Accounting Policies (continued)

(n) Significant judgements and estimates (continued)

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

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

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

3. Risk Management Policies

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

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

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

(a) Credit risk

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

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

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

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

(b) Liquidity risk

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

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

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

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

3. Risk Management Policies (continued)

(c) Market risk

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

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

(d) Interest rate risk

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

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

Investment in collective investment schemes exposes the sub-fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The level of risk a sub-fund is exposed to is monitored on an ongoing basis. The risk function monitors a series of risk metrics including but not limited to: duration, key rate duration, sensitivity analysis and stress tests. This ensures the sub-fund is exposed to risks which are consistent with its mandate set out in the Prospectus.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Forward currency contracts are employed by the Portfolio Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

(f) Other price risk

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

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

(g) Derivatives

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

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

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

7IM ABSOLUTE RETURN PORTFOLIO

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

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

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

Investment Manager's Report

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

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

Seven Investment Management LLP
Investment Manager
September 2024

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION

The Comparative Tables on pages 19 to 20 give the performance of each active share class in the Sub-fund.

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

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

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

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

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

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables

A Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	155.99	156.82	123.61
Return before operating charges*	12.10	(0.80)	33.31
Operating charges (calculated on average price)	–	(0.03)	(0.10)
Return after operating charges*	12.10	(0.83)	33.21
Distributions	–	–	(2.65)
Retained distributions on accumulation shares	–	–	2.65
Closing net asset value per share	168.09	155.99	156.82
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	7.76%	(0.53)%	26.87%
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Other Information

Closing net asset value (£'000)	2,911	3,177	3,994
Closing number of shares	1,732,284	2,036,776	2,546,748
Operating charges ³	0.00%	0.02%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	174.03	168.39	157.40
Lowest share price	156.19	145.53	108.32

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

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

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

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables (continued)

Class B Accumulation

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	129.69	130.38	102.42
Return before operating charges*	10.06	(0.66)	28.04
Operating charges (calculated on average price)	–	(0.03)	(0.08)
Return after operating charges*	10.06	(0.69)	27.96
Distributions	–	–	(2.69)
Retained distributions on accumulation shares	–	–	2.69
Closing net asset value per share	139.75	129.69	130.38
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	7.76%	(0.53)%	27.30%
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Other Information

Closing net asset value (£'000)	44	48	60
Closing number of shares	31,195	36,676	45,858
Operating charges ³	0.00%	0.02%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	144.69	140.00	130.86
Lowest share price	129.86	121.00	90.05

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

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

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

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION (continued)

Ongoing Charges Figures

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

Synthetic Risk and Reward Indicator

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

7IM ABSOLUTE RETURN PORTFOLIO

PORTFOLIO STATEMENT

as at 31 May 2024

		Value	31.05.24
		£	%
Holding	Portfolio of Investment		
	COLLECTIVE INVESTMENT SCHEMES 44.81% (55.48%)¹		
	United Kingdom 44.81% (55.48%)¹		
49,890	Xenfin Securitised Debt ²	1,324,427	44.81
		<hr/>	
	Portfolio of investment	1,324,427	44.81
	Net other assets	1,630,996	55.19
		<hr/>	
	Net assets	2,955,423	100.00
		<hr/>	

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

¹ Comparative figures shown in brackets relate to 31 May 2023.

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

7IM ABSOLUTE RETURN PORTFOLIO

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

	Notes	£	31.05.24 £	£	31.05.23 £
Income					
Net capital gains/(losses)	4		260,496		(31,157)
Revenue	5	1,286		11,002	
Expenses	6	—		(165)	
Interest payable and similar charges	8	(76)		(4)	
Net revenue before taxation for the year		1,210		10,833	
Taxation	7	(242)		(1,628)	
Net revenue after taxation for the year			968		9,205
Total return before distributions			261,464		(21,952)
Distributions	8		(272)		—
Change in net assets attributable to shareholders from investment activities			261,192		(21,952)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

	£	31.05.24 £	£	31.05.23 £
Opening net assets attributable to shareholders		3,224,659		4,053,611
Amounts received on creation of shares ¹	60		—	
Amounts paid on cancellation of shares ¹	(530,488)		(807,000)	
		(530,428)		(807,000)
Change in net assets attributable to shareholders from investment activities		261,192		(21,952)
Closing net assets attributable to shareholders		2,955,423		3,224,659

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

The notes on pages 25 to 32 are an integral part of these financial statements.

7IM ABSOLUTE RETURN PORTFOLIO

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		1,324,427	1,788,971
Current assets:			
Debtors	9	1,580,889	1,386,697
Cash and bank balances	10	52,279	58,578
Total assets		2,957,595	3,234,246
LIABILITIES			
Creditors:			
Bank overdrafts	10	–	(7,304)
Other creditors	11	(2,172)	(2,283)
Total liabilities		(2,172)	(9,587)
Net assets attributable to shareholders		2,955,423	3,224,659

The notes on pages 25 to 32 are an integral part of these financial statements.

7IM ABSOLUTE RETURN PORTFOLIO

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

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	66,242	5,532
Currency (losses)/gains	(25)	1
Transaction charges	–	(340)
Provision for remediation	194,279	(36,430)
AMC rebates from underlying investments	–	80
Net capital gains/(losses)	260,496	(31,157)

5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	–	6,614
AMC rebates from underlying investments	–	3,269
Bank interest	1,286	1,119
Total revenue	1,286	11,002

7IM ABSOLUTE RETURN PORTFOLIO

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	–	(3)
Other expenses	–	(405)
	–	(408)
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	61
Safe custody and other bank charges	–	468
	–	529
Other Expenses:		
Dealing and exchange fees	–	(972)
FCA and other regulatory fees	–	(38)
Market data fees	–	(451)
Printing, postage and distribution costs	–	(758)
Risk analysis fees	–	(510)
Provision for termination expenses ^{1,2}	–	2,773
	–	44
Total expenses	–	165

¹ The expenses settled within the accounting period in the provision are inclusive of Audit fee of £Nil (2023: £7,005), Dealing and exchange fees of £Nil (2023: £3), Depositary's fees of £Nil (2023: £541), Market data fees of £Nil (2023: £531), Printing, postage, and distribution costs of £Nil (2023: £1,635), Safe custody and other bank charges of £Nil (2023: £1,742), and Other expenses of £Nil (2023: £150).

² Audit fee is included in the provision for termination expenses to cover the expenses of the Sub-fund. Please also refer to note 2(e) for the treatment of expenses for further details.

7IM ABSOLUTE RETURN PORTFOLIO

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>		
Deferred tax charge (note 7c)	242	1,628
Current tax charge (note 7b)	–	–
Total taxation	242	1,628
<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	1,210	10,833
Corporation tax at 20%	242	2,167
Effects of:		
AMC rebates taken to capital	–	16
Movement in deferred tax not recognised	242	1,628
Non-allowable expenses	–	(555)
Unutilised excess management expenses	(242)	(1,628)
Total tax charge (note 7a)	242	1,628
<i>c) Deferred tax</i>		
Deferred tax asset at the start of the year	(9,358)	(10,986)
Deferred tax charge due to excess management expenses (note 7a)	242	1,628
Deferred tax asset at the end of the year	(9,116)	(9,358)

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	–	–
Final	–	–
	–	–
Add: Revenue deducted on cancellation of shares	272	–
Net distributions for the year	272	–
Interest payable and similar charges	76	4
Total distribution	348	4

7IM ABSOLUTE RETURN PORTFOLIO

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	968	9,205
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	–	16
Undistributed income from prior year	–	(8,679)
Deferred tax in capital	242	1,628
Net movement in revenue account	(938)	(2,170)
Net distributions for the year	272	–

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

9 Debtors

	31.05.24 £	31.05.23 £
Accrued revenue	232	76
Amounts receivable from ACD ¹	1,571,541	1,377,262
Deferred tax asset	9,116	9,359
Total debtors	1,580,889	1,386,697

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

10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	52,279	58,578
Total cash and bank balances	52,279	58,578
Bank overdrafts	–	(7,304)
Total bank overdrafts	–	(7,304)

11 Other creditors

	31.05.24 £	31.05.23 £
Accrued expenses	757	757
Provision for termination expenses	1,415	1,526
Total other creditors	2,172	2,283

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £757 (2023: £757).

The amounts receivable from 7IM (the 'ACD') as at year end are £1,571,541 (2023: £1,377,262). The amounts payable to 7IM (the 'ACD') as at year end are £Nil (2023: £Nil).

7IM ABSOLUTE RETURN PORTFOLIO

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

12 Related party transactions (continued)

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 23. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

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

Pershing Nominees Limited 60.87% (2023: 66.61%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£369,015) (2023: (£783,969)). 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 two share classes: 'A' and 'B'. The Annual Management Charge has been reduced to £0 while this fund is in the process of being terminated.

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Accumulation	2,036,776	38	(304,530)	–	1,732,284
Class B Accumulation	36,676	–	(5,481)	–	31,195

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 15 to 16. 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 £
Pound sterling	52,279	–	2,905,316	2,957,595
	52,279	–	2,905,316	2,957,595

7IM ABSOLUTE RETURN PORTFOLIO

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

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(2,172)	(2,172)
	–	–	(2,172)	(2,172)

Interest rate exposure as at 31 May 2023

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

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

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

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	1,630,996	1,324,427	2,955,423
Net assets	1,630,996	1,324,427	2,955,423

Foreign currency risk exposure as at 31 May 2023

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

7IM ABSOLUTE RETURN PORTFOLIO

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

15 Risks Disclosures (continued)

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund (2023: none).

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

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

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

Xenfin Securitised Debt Fund

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

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

- The last observable published price was in June 2019, throughout 2020 – 2024 the Fund has made six distributions returning approximately 58% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.
- A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of significant judgement. Examples include: (i) expectation of sale of property assets; (ii) expectation of recovery via third-party claims; and (iii) the expectation of costs to be recovered.

	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2024				
Assets				
Collective Investment Schemes	–	–	1,324,427	1,324,427
	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2023				
Assets				
Collective Investment Schemes	–	–	1,788,971	1,788,971

7IM ABSOLUTE RETURN PORTFOLIO

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

16 Purchases, Sales and Transaction Costs

During the year ended 31 May 2024, there were no purchases and sales made by the Sub-fund (2023: none).

Average portfolio dealing spread

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

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class A Accumulation was 168.35p. The Net Asset Value price per share of Class A Accumulation for the Sub-fund on 20 September 2024 was 170.49p. This represents an increase of 1.27% from the year end value.

7IM ABSOLUTE RETURN PORTFOLIO

DISTRIBUTION TABLES

for the year ended 31 May 2024

The Sub-fund has no distribution for the year ended 31 May 2024 and period ended 30 November 2023 as the Sub-fund is in the process of being terminated.

7IM INCOME PORTFOLIO

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

Investment Manager's Report

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

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

Seven Investment Management LLP
Investment Manager
September 2024

7IM INCOME PORTFOLIO

FUND INFORMATION

The Comparative Tables on pages 36 to 37 give the performance of each active share class in the Sub-fund.

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

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

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

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

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

7IM INCOME PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables

Class Income 2

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	120.43	127.21	109.11
Return before operating charges*	8.71	(6.52)	22.03
Operating charges (calculated on average price)	–	(0.26)	(0.16)
Return after operating charges*	8.71	(6.78)	21.87
Distributions on income shares	–	–	(3.77)
Closing net asset value per share	129.14	120.43	127.21
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	7.23%	(5.33)%	20.04%
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Other Information

Closing net asset value (£'000)	518	580	769
Closing number of shares	400,874	481,653	604,400
Operating charges ³	–%	0.21%	0.15%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	133.99	135.10	131.99
Lowest share price	119.37	115.77	91.22

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

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

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

7IM INCOME PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables (continued)

Class Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	120.73	127.43	109.29
Return before operating charges*	8.73	(6.44)	22.15
Operating charges (calculated on average price)	–	(0.26)	(0.16)
Return after operating charges*	8.73	(6.70)	21.99
Distributions on income shares	–	–	(3.85)
Closing net asset value per share	129.46	120.73	127.43
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	7.23%	(5.26)%	20.12%
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Other Information

Closing net asset value (£'000)	774	868	1,149
Closing number of shares	598,248	718,540	901,425
Operating charges ³	–%	0.21%	0.15%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	134.32	135.43	131.76
Lowest share price	119.67	116.05	91.05

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

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

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

7IM INCOME PORTFOLIO

FUND INFORMATION (continued)

Ongoing Charges Figures

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

Synthetic Risk and Reward Indicator

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

7IM INCOME PORTFOLIO

PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
Holding	Portfolio of Investment		
	COLLECTIVE INVESTMENT SCHEMES 51.34% (61.90%)¹		
	United Kingdom 51.34% (61.90%)¹		
24,990	Xenfin Securitised Debt ²	663,400	51.34
	Portfolio of investment	663,400	51.34
	Net other assets	628,769	48.66
	Net assets	1,292,169	100.00

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

¹ Comparative figures shown in brackets relate to 31 May 2023.

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

7IM INCOME PORTFOLIO

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		110,263		(96,840)
Revenue	5	802		591	
Expenses	6	–		256	
Interest payable and similar charges	8	(671)		–	
Net revenue before taxation for the year		131		847	
Taxation	7	–		–	
Net revenue after taxation for the year			131		847
Total return before distributions			110,394		(95,993)
Distributions	8		(9)		–
Change in net assets attributable to shareholders from investment activities			110,385		(95,993)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

		31.05.24	31.05.23
	£	£	£
Opening net assets attributable to shareholders		1,447,575	1,917,568
Amounts paid on cancellation of shares ¹	(265,791)	(374,000)	
		(265,791)	(374,000)
Change in net assets attributable to shareholders from investment activities		110,385	(95,993)
Closing net assets attributable to shareholders		1,292,169	1,447,575

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

The notes on pages 42 to 49 are an integral part of these financial statements.

7IM INCOME PORTFOLIO

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		663,400	896,087
Current assets:			
Debtors	9	595,462	519,088
Cash and bank balances	10	38,167	44,314
Total assets		1,297,029	1,459,489
LIABILITIES			
Creditors:			
Bank overdrafts	10	–	(6,806)
Other creditors	11	(4,860)	(5,108)
Total liabilities		(4,860)	(11,914)
Net assets attributable to shareholders		1,292,169	1,447,575

The notes on pages 42 to 49 are an integral part of these financial statements.

7IM INCOME PORTFOLIO

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

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	33,180	2,763
Currency gains	619	–
Transaction charges	–	(470)
Provision for remediation	76,464	(99,160)
AMC rebates from underlying investments	–	27
Net capital gains/(losses)	110,263	(96,840)

5 Revenue

	31.05.24 £	31.05.23 £
Bank interest	802	591
Total revenue	802	591

7IM INCOME PORTFOLIO

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	–	42
Other expenses	–	(3,427)
	–	(3,385)
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	29
Safe custody and other bank charges	–	2,857
	–	2,886
Other Expenses:		
Audit fee ¹	–	(5,474)
Dealing and exchange fees	–	(215)
FCA and other regulatory fees	–	(117)
Market data fees	–	(181)
Printing, postage and distribution costs	–	176
Provision for termination expenses ²	–	6,576
Risk analysis fees	–	(522)
	–	243
Total expenses	–	(256)

¹ The Audit fee is inclusive of 20% VAT and 5.00% support cost. Please refer to Note 11 for all the outstanding expenses as at year end. Accrued expenses pertain to the outstanding termination expenses of the Sub-fund.

Audit fee is included in the provision for termination expenses to cover the expenses of the Sub-fund. Please also refer to note 2(e) for the treatment of expenses for further details.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £Nil (2023: £7,005), Depositary's fees of £Nil (2023: £255), Market data fees of £Nil (2023: £531), Printing, postage, and distribution costs of £Nil (2023: £1,1,824), Safe custody and other bank charges of £Nil (2023: £1,573), and Other expenses of £Nil (2023: £130).

7IM INCOME PORTFOLIO

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>		
Current tax charge (note 7b)	–	–
Total taxation	–	–
<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	131	847
Corporation tax at 20%	26	169
Effects of:		
AMC rebates taken to capital	–	5
Non-allowable expenses	–	1,316
Unutilised excess management expenses	(26)	(1,490)
Total tax charge (note 7a)	–	–

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 £299,712 (2023: £299,738) 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 £
First Interim	–	–
Second Interim	–	–
Third Interim	–	–
Final	–	–
Add: Revenue deducted on cancellation of shares	9	–
Deduct: Revenue received on issue of shares	–	–
Net distributions for the year	9	–
Interest payable and similar charges	671	–
Total distribution	680	–

7IM INCOME PORTFOLIO

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 50.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	131	847
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	–	1,116
Undistributed income from prior years	(664)	(2,628)
Income deficit	542	665
Net distributions for the year	9	–

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

9 Debtors

	31.05.24 £	31.05.23 £
Accrued revenue	117	52
Income tax recoverable	–	155
AMC rebates from underlying investments	3,944	3,944
Amounts receivable from the ACD ¹	591,401	514,937
Total debtors	595,462	519,088

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

10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	38,167	44,314
Total cash and bank balances	38,167	44,314
Bank overdrafts	–	(6,806)
Total bank overdrafts	–	(6,806)

11 Other Creditors

	31.05.24 £	31.05.23 £
Accrued expenses	4,860	5,108
Total other creditors	4,860	5,108

7IM INCOME PORTFOLIO

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 £Nil (2023: £Nil).

The amounts receivable from 7IM (the 'ACD') as at year end are £591,401 (2023: £514,937). 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 40. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

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

Pershing Nominees Limited	59.16% (2023: 72.37%)
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The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£293,853) (2023: (£416,383)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £Nil and £Nil, accordingly.

13 Classes of Shares

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class Income	718,540	–	(120,293)	–	598,248
Class Income 2	481,653	–	(80,779)	–	400,874

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 15 to 16. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

7IM INCOME PORTFOLIO

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

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	38,167	—	1,258,862	1,297,029
	38,167	—	1,258,862	1,297,029
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	—	—	(4,860)	(4,860)
	—	—	(4,860)	(4,860)

Interest rate exposure as at 31 May 2023

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

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

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	628,769	663,400	1,292,169
Net assets	628,769	663,400	1,292,169

7IM INCOME PORTFOLIO

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

15 Risks Disclosures (continued)

ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 31 May 2023

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

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund (2023: none).

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

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

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

Xenfin Securitised Debt Fund

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

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

a. The last observable published price was in June 2019, throughout 2020 – 2024 the Fund has made six distributions returning approximately 58% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.

b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of significant judgement. Examples include: (i) expectation of sale of property assets; (ii) expectation of recovery via third-party claims; and (iii) the expectation of costs to be recovered.

7IM INCOME PORTFOLIO

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

15 Risks Disclosures (continued)

iv. Fair value (continued)

31 May 2024	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	663,400	663,400
31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	896,087	896,087

16 Purchases, Sales and Transaction Costs

During the year ended 31 May 2024, there were no purchases and sales made by the Sub-fund (2023: none).

Average portfolio dealing spread

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

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class Income was 129.46p. The Net Asset Value price per share of Class A Income for the Sub-fund on 20 September 2024 was 133.09p. This represents an increase of 2.80% from the year end value.

7IM INCOME PORTFOLIO

DISTRIBUTION TABLES

for the year ended 31 May 2024

The Sub-fund has no distribution for the year ended 31 May 2024 and period ended 30 November 2023 as the Sub-fund is in the process of being terminated.

7IM ARDEN FUND

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

Comparator Benchmark

With effect from 1 January 2023¹, the Sub-fund's performance may be compared to ARC Sterling Equity Risk PCI which has been chosen because it is representative of the risk profile of the Sub-fund 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 7.12%².

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, 3 year and 5 year relative performance to the benchmark was (5.32%), (0.75%), and 2.56% 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 Artificial Intelligence (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.

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.

¹ This is a correction from the Prospectus issued on 20 December 2022 which stated that this Comparator benchmark was to be effective from that date.

² Calculated using 7IM Arden Fund A Inc shares, published prices. Source: NTRS

7IM ARDEN FUND

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

Investment Manager's Report (continued)

Investment Background (continued)

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 Federal Reserve 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 Federal Reserve 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.

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.

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 increased 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 and re-allocated 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.

7IM ARDEN FUND

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

Investment Manager's Report (continued)

Portfolio Review (continued)

In November 2023, we trimmed our position in FTSE 100 as the position has performed strongly since inception. We captured some of the outperformance by trimming FTSE 100 and allocated to FTSE 250 which we were underweight on.

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.

In May 2024, following the annual refresh of our SAA, we began tilting the portfolios in the direction of the changes - resulting in additions to equities funded by reductions in alternatives.

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.

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. And 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 ARDEN FUND

FUND INFORMATION

The Comparative Table on page 55 gives the performance of the active share class in the Sub-fund.

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

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

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

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

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

7IM ARDEN FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	154.12	154.89	155.38
Return before operating charges*	12.50	2.45	1.98
Operating charges (calculated on average price)	(1.53)	(1.65)	(1.53)
Return after operating charges*	10.97	0.80	0.45
Distributions on income shares	(1.82)	(1.57)	(0.94)
Closing net asset value per share	163.27	154.12	154.89
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	7.12%	0.52%	0.29%
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Other Information

Closing net asset value (£'000)	10,087	9,522	9,822
Closing number of shares	6,177,945	6,177,945	6,341,718
Operating charges ³	0.98%	1.07%	0.97%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	167.78	161.60	164.02
Lowest share price	147.59	145.85	148.47

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 56.

7IM ARDEN FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2024

	Class A
ACD's periodic charge	0.62%
Other expenses	0.16%
	<hr/> 0.78%
Collective investment scheme costs	0.20%
Ongoing Charges Figure	<hr/> 0.98%

As at 31 May 2023

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

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

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

7IM ARDEN FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the interim report and financial statements, the risk and reward indicator as at the year end date 31 May 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	5 years
7IM Arden Fund ¹	7.12	8.18	29.38

¹ Source: Bloomberg.

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

Details of the distributions per share for the year are shown in the Distribution Tables on page 72.

7IM ARDEN FUND

PORTFOLIO STATEMENT

as at 31 May 2024

Holding	Portfolio of Investment	Value £	31.05.24 %
	ALTERNATIVES 2.99% (5.46%)¹		
	Alternative Strategies 2.99% (5.46%)¹		
120,000	JP Morgan Structured Products 0.00% 13/10/2026 ²	99,550	0.99
61,000	SG Defensive Short Term Equity Strategy 0.00% 22/12/2025 ²	50,878	0.50
60,000	SG Issuer 0.00% 25/11/2025 ²	50,525	0.50
1,061	UBS AG London 0.00% 20/10/2027	101,138	1.00
		302,091	2.99
	EQUITY 0.00% (5.04%)¹		
	North America 0.00% (5.04%)¹		
	FORWARD CURRENCY CONTRACTS -0.21% (0.07%)¹		
€130,000	Vs £(112,181) Expiry 18.10.2024	(676)	(0.01)
US\$(1,500,000)	Vs £1,179,181 Expiry 12.07.2024	354	—
¥155,000,000	Vs £(813,947) Expiry 15.11.2024	(20,399)	(0.20)
		(20,721)	(0.21)
	COLLECTIVE INVESTMENT SCHEMES 95.24% (88.36%)¹		
	Ireland 31.45% (31.36%)¹		
6,053	Invesco AT1 Capital Bond UCITS ETF	203,926	2.02
176,162	iShares Core FTSE 100 UCITS ETF	1,432,373	14.20
62,278	iShares MSCI USA ESG Screened UCITS ETF	481,844	4.78
51,514	Neuberger Berman US Equity Index Put Write Fund	798,462	7.92
9,387	VanEck Global Mining UCITS ETF	255,514	2.53
		3,172,119	31.45
	Luxembourg 2.98% (16.56%)¹		
876	AQR - Managed Futures UCITS Fund	98,678	0.98
60	Candriam Absolute Return Equity Market Neutral	101,323	1.00
738	Fulcrum Equity Dispersion Fund	100,742	1.00
		300,743	2.98
	United Kingdom 60.81% (40.44%)¹		
412,548	Fidelity Index Europe ex UK Fund P Accumulation	936,608	9.30
293,056	Fidelity Investment Funds ICVC - Index UK Fund	527,617	5.23
421,674	iShares Emerging Markets Equity Index Fund UK	817,874	8.11
202,677	iShares Global Property Securities Index	439,985	4.36
280,811	iShares US Equity ESG Index Fund	278,456	2.76
783,928	Legal & General Global Health and Pharmaceuticals Index Trust	620,400	6.15
1,427,589	Legal & General Japan Index Trust	917,939	9.10
441,934	Legal & General UK MID Cap Index Fund	241,252	2.39
302,588	Ninety One Funds Series III - Global Environment Fund	474,549	4.70

7IM ARDEN FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
Holding	Portfolio of Investment		
	COLLECTIVE INVESTMENT SCHEMES 95.24% (88.36%)¹ (continued)		
	United Kingdom 60.81% (40.44%)¹ (continued)		
12,682	Xtrackers S&P 500 Equal Weight UCITS ETF	878,102	8.71
		6,132,782	60.81
	Portfolio of investment	9,887,014	98.02
	Net other assets	199,692	1.98
	Net assets	10,086,706	100.00

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

¹ Comparative figures shown in brackets relate to 31 May 2023.

² Structured product.

	31.05.24 %	31.05.23 %
Credit Quality		
Non-rated debt securities	2.99	5.46
Other investments	95.03	93.47
Net other assets	1.98	1.07
	100.00	100.00

7IM ARDEN 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		565,029		(51,813)
Revenue	5	182,364		174,164	
Expenses	6	(67,984)		(74,659)	
Interest payable and similar charges	8	(1)		(751)	
Net revenue before taxation for the year		114,379		98,754	
Taxation	7	(1,902)		(729)	
Net revenue after taxation for the year			112,477		98,025
Total return before distributions			677,506		46,212
Distributions	8		(112,556)		(98,026)
Change in net assets attributable to shareholders from investment activities			564,950		(51,814)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

		31.05.24		31.05.23
	£	£	£	£
Opening net assets attributable to shareholders		9,521,756		9,822,457
Amounts received on creation of shares ¹	—		—	
Amounts paid on cancellation of shares ¹	—		(248,887)	
		—		(248,887)
Change in net assets attributable to shareholders from investment activities		564,950		(51,814)
Closing net assets attributable to shareholders		10,086,706		9,521,756

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

The notes on pages 62 to 71 are an integral part of these financial statements.

7IM ARDEN FUND

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		9,908,089	9,429,461
Current assets:			
Debtors	9	6,359	339,948
Cash and bank balances	10	258,545	199,819
Total assets		10,172,993	9,969,228
LIABILITIES			
Investment liabilities		(21,075)	(9,504)
Creditors:			
Distribution payable	8	(48,707)	(55,867)
Other creditors	11	(16,505)	(382,101)
Total liabilities		(86,287)	(447,472)
Net assets attributable to shareholders		10,086,706	9,521,756

The notes on pages 62 to 71 are an integral part of these financial statements.

7IM ARDEN 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 15.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	712,484	21,579
Forward currency contracts	(142,799)	(68,881)
Currency losses	(2,915)	(3,079)
Transaction charges	(2,180)	(1,432)
CSDR penalty reimbursement	48	—
AMC rebates from underlying investments	391	—
Net capital gains/(losses)	565,029	(51,813)

5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	137,005	146,936
Taxable dividends	40,141	21,730
Unfranked interest	(1,865)	997
AMC rebates from underlying investments	1,406	696
Bank interest	5,677	3,805
Total revenue	182,364	174,164

7IM ARDEN 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	60,372	60,110
Other expenses	(6,284)	1,373
	<u>54,088</u>	<u>61,483</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,747	1,875
Safe custody and other bank charges	1,996	2,100
	<u>3,743</u>	<u>3,975</u>
Other Expenses:		
Audit fee ¹	9,895	7,005
Dealing and exchange fees	22	10
FCA and other regulatory fees	161	162
Legal and professional fees	–	1,954
Printing, postage and distribution costs	75	70
	<u>10,153</u>	<u>9,201</u>
Total expenses	<u>67,984</u>	<u>74,659</u>

¹ The Audit fee is inclusive of 20% VAT and 5.00% support cost.

7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Irrecoverable CIS income tax	<u>1,902</u>	<u>729</u>
Current tax charge (note 7b)	<u>1,902</u>	<u>729</u>
Total taxation	<u>1,902</u>	<u>729</u>
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue before taxation	<u>114,379</u>	<u>98,754</u>
Corporation tax at 20%	<u>22,876</u>	<u>19,751</u>
Effects of:		
AMC rebates taken to capital	78	–
Irrecoverable CIS income tax w/off	1,902	729
Non-taxable dividends	(27,400)	(29,491)
Unutilised excess management expenses	<u>4,446</u>	<u>9,740</u>
Total tax charge (note 7a)	<u>1,902</u>	<u>729</u>

7IM ARDEN FUND

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

7 Taxation (continued)

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 £117,871 (2023: £113,425) 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	63,849	41,046
Final ¹	48,707	55,867
	112,556	96,913
Add: Revenue deducted on cancellation of shares	–	1,113
Deduct: Revenue received on issue of shares	–	–
Net distributions for the year	112,556	98,026
Interest payable and similar charges	1	751
Total distribution	112,557	98,777

Details of the distributions per share are set out in the table on page 72.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	112,477	98,025
Allocations to capital:		
Capitalised expenses, net of tax relief ²	78	–
Net movement in revenue account	1	1
Net distributions for the year	112,556	98,026

¹ Distribution payable at the year end of £48,707 (2023: £55,867) are disclosed in the Balance Sheet on page 61.

² Please refer to Note 2(h) Distribution Policy on page 12 for further details.

9 Debtors

	31.05.24 £	31.05.23 £
Sales awaiting settlement	–	338,380
Accrued revenue	4,367	400
Income tax recoverable	1,159	843
AMC rebates from underlying investments	833	325
Total debtors	6,359	339,948

7IM ARDEN FUND

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	258,545	199,819
Total cash and bank balances	258,545	199,819

11 Other Creditors

	31.05.24 £	31.05.23 £
Purchases awaiting settlement	–	360,981
Accrued expenses	16,505	21,120
Total other creditors	16,505	382,101

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 £5,358 (2023: £5,114).

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 60. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

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

Pershing Nominees Limited 100.00% (2023: 100.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £554,162 (2023: (£296,486)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £119,716 and £48,707 (2023: £88,267 and £55,867), accordingly.

13 Classes of Shares

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

Class A £12,000 per annum plus 0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	6,177,945	–	–	–	6,177,945

14 Contingent liabilities and commitments

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

7IM ARDEN 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 15 to 16. 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	–	302,091	481,844	783,935
Pound sterling	258,545	–	9,130,513	9,389,058
	258,545	302,091	9,612,357	10,172,993

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(86,287)	(86,287)
	–	–	(86,287)	(86,287)

Interest rate exposure as at 31 May 2023

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

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

7IM ARDEN FUND

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

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	31.05.24	31.05.23	31.05.24	31.05.23
	%	%	Years	Years
US dollar	(2.14)	(3.06)	2	1

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 weighted average effective duration was 0.10 years (31 May 2023: 0.11 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 £
US dollar	–	783,935	783,935
	–	783,935	783,935
Pound sterling	199,692	9,103,079	9,302,771
Net assets	199,692	9,887,014	10,086,706

Foreign currency risk exposure as at 31 May 2023

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

7IM ARDEN FUND

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

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be around 100% of the Sub-fund's Net Asset Value 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 year ended 31 May 2024 was 22%, 31% and 27% respectively (31 May 2023: 10%, 45% and 24% 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 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 £
Forward Currency Contracts		
Northern Trust	(20,721)	6,654
Structured Products		
JP Morgan	99,550	186,619
Societe Generale	101,403	177,826
Total net exposure¹	180,232	371,099

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

7IM ARDEN 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 (see Note 2 (i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

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

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

	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2024				
Assets				
Bonds	50,878	251,213	–	302,091
Collective Investment Schemes	6,525,083	3,080,561	–	9,605,644
Derivatives	–	354	–	354
Total	6,575,961	3,332,128	–	9,908,089
Liabilities				
Derivatives	–	(21,075)	–	(21,075)

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

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 54.

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
Purchases						
Bonds	336	–	–	–	–	–
Collective Investment Schemes	2,350	–	–	–	–	–
Equities	1,450	–	–	–	–	–
Total	4,136	–	–	–	–	–
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Bonds	563	–	–	–	–	–
Collective Investment Schemes	2,074	–	–	–	–	–
Equities	1,811	–	–	–	–	–
Total	4,448	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 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
Purchases						
Bonds	720	—	—	—	—	—
Collective Investment Schemes	1,903	—	—	—	—	—
Equities	2,074	—	—	—	—	—
Total	4,697	—	—	—	—	—
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Bonds	511	—	—	—	—	—
Collective Investment Schemes	3,079	—	—	—	—	—
Equities	1,390	—	—	—	—	—
Total	4,980	—	—	—	—	—
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

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 A Income was 164.06p. The Net Asset Value price per share of Class A Income for the Sub-fund on 20 September 2024 was 167.50p. This represents an increase of 2.10% from the year end value.

7IM ARDEN 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
Class A Income				
Group 1	1.0335	—	1.0335	0.6644
Group 2	1.0335	—	1.0335	0.6644

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
Class A Income				
Group 1	0.7884	—	0.7884	0.9043
Group 2	0.7884	—	0.7884	0.9043

Equalisation

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

7IM RANDOLPH PLACE DIVERSIFIED FUND

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

Comparator Benchmark

The fund's performance may be compared to the ARC Sterling Steady Growth PCI which has been chosen because it is representative of the risk profile of the fund and the type of assets in which it invests. It is therefore an appropriate comparator for the 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 8.95%¹.

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, 3 year and 5 year relative performance to the benchmark was (1.69%), 2.31% and (0.82%) 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 signaled 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.

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.

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

7IM RANDOLPH PLACE DIVERSIFIED FUND

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

Investment Manager's Report (continued)

Investment Background (continued)

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 Federal Reserve 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

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

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.

71M RANDOLPH PLACE DIVERSIFIED FUND

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

Investment Manager's Report (continued)

Investment Outlook (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. And 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

71M RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION

The Comparative Table on page 77 gives the performance of the active share class in the Sub-fund.

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

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

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

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

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

7IM RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	120.33	126.20	127.10
Return before operating charges*	12.05	(0.84)	3.71
Operating charges (calculated on average price)	(1.31)	(1.37)	(1.38)
Return after operating charges*	10.74	(2.21)	2.33
Distributions on income shares	(4.35)	(3.66)	(3.23)
Closing net asset value per share	126.72	120.33	126.20
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	8.93%	(1.75)%	1.83%
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Other Information

Closing net asset value (£'000)	12,269	11,601	12,069
Closing number of shares	9,682,647	9,641,399	9,563,570
Operating charges ³	1.07%	1.12%	1.07%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	130.95	126.79	133.25
Lowest share price	116.93	115.19	120.21

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 78.

7IM RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2024

	Class A
ACD's periodic charge	0.51%
Other expenses	0.10%
	<hr/> 0.61%
Collective investment scheme costs	0.46%
Ongoing Charges Figure	<hr/> 1.07%

As at 31 May 2023

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

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

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

7IM RANDOLPH PLACE DIVERSIFIED FUND

PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
Holding	Portfolio of Investment		
	ALTERNATIVES 6.27% (7.56%)^{1,2}		
	Infrastructure 6.27% (7.56%)^{1,2}		
192,907	Foresight Solar Fund	168,408	1.37
151,846	Greencoat UK Winds	212,281	1.73
178,550	HICL Infrastructure	218,902	1.79
150,000	JPMorgan Global Core Real Assets	114,600	0.93
70,755	Sequoia Economic Infrastructure Income	55,542	0.45
		769,733	6.27
	DEBT SECURITIES 1.36% (1.21%)¹		
	Global High Yield Bonds 1.36% (1.21%)¹		
200,000	PFS TwentyFour Select Monthly Income	166,400	1.36
	EQUITY 3.80% (5.93%)^{1,2}		
	Asia & Emerging Markets 1.39% (1.43%)¹		
131,141	JPMorgan Global Emerging Markets Income Trust	170,483	1.39
	United Kingdom 2.41% (4.50%)¹		
63,591	TR Property Investment Trust - Ordinary Shares	208,896	1.70
54,504	Tritax Big Box REIT	86,552	0.71
		295,448	2.41
	PROPERTY 0.91% (2.48%)¹		
194,200	Triple Point Social Housing	111,665	0.91
	COLLECTIVE INVESTMENT SCHEMES 71.98% (76.45%)¹		
	Guernsey 0.00% (0.69%)¹		
	Ireland 11.51% (12.31%)¹		
107,833	BNY Mellon Global - BNY Mellon Emerging Markets Debt Total Return	75,278	0.61
2,801	Findlay Park American	461,863	3.76
125,704	Hermes Investment Management - Multi Strategy Credit	117,659	0.96
141,919	Merian Global Investors Series - Merian Global Equity Absolute Return	213,332	1.74
5,235	SPDR S&P US Dividend Aristocrats UCITS ETF	289,914	2.36
1,044	Veritas - Global Equity Income	254,690	2.08
		1,412,736	11.51
	Japan 4.71% (4.17%)¹		
135,000	Fidelity Japan Trust	234,225	1.91
885	MAN Funds - MAN GLG Japan Core Alpha Equity	343,202	2.80
		577,427	4.71
	Jersey 2.57% (2.78%)¹		
91,810	Aberdeen Asian Income	191,883	1.56
160,957	GCP Infrastructure Investments	124,098	1.01
		315,981	2.57
	Luxembourg 1.62% (1.61%)¹		
98	Allianz Global Investors - Allianz Global Floating Rate Notes Plus	97,540	0.79
1,004	BlueBay Financial Capital Bond	102,479	0.83
		200,019	1.62
	United Kingdom 51.57% (54.89%)¹		
136,290	Aberdeen Diversified Income and Growth Trust	109,577	0.89
240,444	Artemis Global Income	317,195	2.59

7IM RANDOLPH PLACE DIVERSIFIED FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2024

		Value £	31.05.24 %
Holding	Portfolio of Investment		
	COLLECTIVE INVESTMENT SCHEMES 71.98% (76.45%)¹ (continued)		
	United Kingdom 51.57% (54.89%)¹ (continued)		
73,267	AXA Fixed Interest ICVC - US Short Duration High Yield	61,742	0.50
75,942	BlackRock Continental European Income	149,509	1.22
17,740	Edinburgh Investment	130,389	1.06
84,754	Fidelity Investment - Strategic Bond	90,517	0.74
145,132	Fidelity Investment Funds ICVC - Global Dividend Fund	350,930	2.86
198,610	FTF Martin Currie Global Unconstrained Fund	254,816	2.08
74,355	Invesco Global Investment Series - Global Equity Income	374,684	3.05
43,206	Invesco Global Targeted Returns	106,338	0.87
63,131	Janus Henderson UK Absolute Return	125,315	1.02
96,749	JO Hambro Capital Management - UK Dynamic	135,836	1.11
93,304	Jupiter Asian Income	158,916	1.30
12,920	Jupiter European Opportunities Trust	116,151	0.95
62,307	LF Miton UK Multi Cap Income	114,645	0.93
219,278	Link Financial - LF Woodford Equity Income	1,732	0.01
95,607	Liontrust European Growth Fund	364,616	2.97
172,300	Liontrust Income Fund	243,442	1.99
100,060	Mellon Investments - Newton Global Dynamic Bond	84,291	0.69
168,719	MI Chelverton UK Equity Income	183,331	1.49
81,613	MI Somerset Emerging Markets Dividend Growth	98,120	0.80
912	MI TwentyFour Investment - Dynamic Bond	87,761	0.72
109,725	Murray International Trust	271,570	2.21
151,452	Ninety One Funds Series i	186,317	1.52
7,352	RIT Capital Partners	133,953	1.09
27,327	Royal London UK Equity Income	247,803	2.02
28,365	Schroder Asian Total Return Investment	123,672	1.01
205,938	Schroder Global Equity Income	221,589	1.81
110,400	Schroder Oriental Income	291,456	2.38
15,000	Scottish Oriental Smaller Companies Trust	202,500	1.65
216,849	Standard Life Investment Co - European Equity Income	269,327	2.19
363,942	Standard Life Investment II Co - UK Equity Income Unconstrained	144,667	1.18
129,762	TB Evenlode Income	332,892	2.71
192,498	Trojan Global Income	239,969	1.96
		6,325,568	51.57
	Portfolio of investment	10,345,460	84.32
	Net other assets ³	1,923,954	15.68
	Net assets	12,269,414	100.00

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

¹ Comparative figures shown in brackets relate to 31 May 2023.

² The comparative figures have been restated to match current year presentation. Sequoia Economic Infrastructure Income has been reclassified from Equity to Alternatives.

³ Includes shares in the Northern Trust Global Sterling Fund to the value of £1,200,000 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

7IM RANDOLPH PLACE DIVERSIFIED 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		644,361		(527,785)
Revenue	5	465,695		401,695	
Expenses	6	(63,003)		(86,164)	
Interest payable and similar charges	8	(6)		—	
Net revenue before taxation for the year		402,686		315,531	
Taxation	7	(8,368)		—	
Net revenue after taxation for the year			394,318		315,531
Total return before distributions			1,038,679		(212,254)
Distributions	8		(420,726)		(351,107)
Change in net assets attributable to shareholders from investment activities			617,953		(563,361)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

		31.05.24	31.05.23
	£	£	£
Opening net assets attributable to shareholders		11,601,341	12,069,188
Amounts received on creation of shares ¹	50,120	95,514	
		50,120	95,514
Change in net assets attributable to shareholders from investment activities		617,953	(563,361)
Closing net assets attributable to shareholders		12,269,414	11,601,341

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

The notes on pages 84 to 92 are an integral part of these financial statements.

71M RANDOLPH PLACE DIVERSIFIED FUND

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		10,345,460	10,862,441
Current assets:			
Debtors	9	35,060	36,577
Cash and bank balances	10	908,319	890,364
Cash equivalents	10	1,200,000	–
Total assets		12,488,839	11,789,382
LIABILITIES			
Creditors:			
Distribution payable	8	(193,130)	(165,340)
Other creditors	11	(26,295)	(22,701)
Total liabilities		(219,425)	(188,041)
Net assets attributable to shareholders		12,269,414	11,601,341

The notes on pages 84 to 92 are an integral part of these Financial Statements.

7IM RANDOLPH PLACE DIVERSIFIED 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 15.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	638,649	(532,649)
Currency gains/(losses)	10	(295)
Transaction charges	365	(393)
AMC rebates from underlying investments	5,337	5,552
Net capital gains/(losses)	644,361	(527,785)

5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	312,751	312,113
Taxable dividends	122,787	76,142
AMC rebates from underlying investments	5,337	5,552
Bank interest	24,820	7,888
Total revenue	465,695	401,695

7IM RANDOLPH PLACE DIVERSIFIED 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	71,346	70,424
Other expenses	(6,404)	1,501
	<u>64,942</u>	<u>71,925</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,797	2,218
Safe custody and other bank charges	(14,169)	2,358
	<u>(12,372)</u>	<u>4,576</u>
Other Expenses:		
Audit fee ¹	9,896	7,004
Dealing and exchange fees	230	270
FCA and other regulatory fees	163	160
Legal and professional fees	–	1,963
Printing, postage and distribution costs	144	266
	<u>10,433</u>	<u>9,663</u>
Total expenses	<u>63,003</u>	<u>86,164</u>

¹ The Audit fee is inclusive of 20% VAT and 5.00% support cost.

7IM RANDOLPH PLACE DIVERSIFIED 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%	8,368	—
Current tax charge (note 7b)	8,368	—
Total taxation	8,368	—
<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	402,686	315,531
Corporation tax at 20%	80,537	63,106
Effects of:		
AMC rebates taken to capital	1,067	1,110
Movement in revenue accruals	417	(149)
Non-taxable dividends	(53,592)	(53,113)
Non-taxable overseas dividends	(8,958)	(9,310)
Unutilised excess management expenses	(11,103)	(1,644)
Total tax charge (note 7a)	8,368	—
<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: £11,103).		

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	227,917	186,715
Final ¹	193,130	165,340
	421,047	352,055
Add: Revenue deducted on cancellation of shares	—	—
Deduct: Revenue received on issue of shares	(321)	(948)
Net distributions for the year	420,726	351,107
Interest payable and similar charges	6	—
Total distribution	420,732	351,107

7IM RANDOLPH PLACE DIVERSIFIED 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 93.

	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue after taxation	394,318	315,531
Allocations to capital:		
Capitalised expenses, net of tax relief ²	26,410	35,576
Net movement in revenue account	(2)	—
Net distributions for the year	420,726	351,107

¹ Distribution payable at the year end of £193,130 (2023: £165,340) are disclosed in the Balance Sheet on page 83.

² Please refer to Note 2(h) Distribution Policy on page 12 for further details.

9 Debtors

	31.05.24 £	31.05.23 £
Accrued revenue	32,457	35,632
Income tax recoverable	1,557	—
AMC rebates from underlying investments	1,046	945
Total debtors	35,060	36,577

10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	908,319	890,364
Cash equivalents	1,200,000	—
Total cash and bank balances	2,108,319	890,364

11 Other creditors

	31.05.24 £	31.05.23 £
Accrued expenses	17,927	22,701
Corporation tax payable	8,368	—
Total other creditors	26,295	22,701

7IM RANDOLPH PLACE DIVERSIFIED 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 £2,690 (2023: £2,588).

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 82. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2023: none).

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

TURCAN CONNELL – Direct holding	82.00% (2023: 81.92%)
---------------------------------	-----------------------

The net value of creations and cancellations for TURCAN CONNELL – Direct holding during the year totalled £569,696 (2023: (£396,341)). The distributions paid and payable to TURCAN CONNELL – Direct holding during and as at the year end are £322,232 and £158,362, accordingly.

13 Classes of Shares

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

Class A	£ 12,000 per annum plus 0.5%
---------	------------------------------

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	9,641,399	41,248	–	–	9,682,647

14 Contingent liabilities and commitments

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

7IM RANDOLPH PLACE DIVERSIFIED 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 15 to 16. 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	–	–	461,863	461,863
Pound sterling	2,108,319	–	9,918,657	12,026,976
	2,108,319	–	10,380,520	12,488,839

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(219,425)	(219,425)
	–	–	(219,425)	(219,425)

Interest rate exposure as at 31 May 2023

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

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(188,041)	(188,041)
	–	–	(188,041)	(188,041)

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

7IM RANDOLPH PLACE DIVERSIFIED 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:

Foreign currency risk exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	–	461,863	461,863
	–	461,863	461,863
Pound sterling	1,923,954	9,883,597	11,807,551
Net assets	1,923,954	10,345,460	12,269,414

Foreign currency risk exposure as at 31 May 2023

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

iii. Derivatives

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

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

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be around 100% of the Sub-fund's Net Asset Value 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 year ended 31 May 2024 was 0%, 0% and 0% respectively (31 May 2023: 0%, 0% and 0%).

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

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

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

As of the balance sheet date, there were no derivatives held by the Sub-fund (2023: none).

7IM RANDOLPH PLACE DIVERSIFIED 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 £
31 May 2024				
Assets				
Collective Investment Schemes	2,305,684	6,526,047	–	8,831,731
Equities	1,513,729	–	–	1,513,729
Total	3,819,413	6,526,047	–	10,345,460
31 May 2023				
Assets				
Collective Investment Schemes	2,485,986	6,380,798	–	8,866,784
Equities	1,995,657	–	–	1,995,657
Total	4,481,643	6,380,798	–	10,862,441

7IM RANDOLPH PLACE DIVERSIFIED 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 76.

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
Purchases						
Total	–	–	–	–	–	–
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Collective Investment Schemes	230	–	–	–	–	–
Equities	782	–	–	–	–	–
Total	1,012	–	–	–	–	–
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
Purchases						
Collective Investment Schemes	1	–	–	–	–	–
Total	1	–	–	–	–	–
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Total	–	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.27% (2023: 0.48%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 128.85p. The Net Asset Value price per share of Class A Income for the Sub-fund on 20 September 2024 was 131.56p. This represents an increase of 2.10% from the year end value.

7IM RANDOLPH PLACE DIVERSIFIED 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
Class A Income				
Group 1	2.3597	—	2.3597	1.9494
Group 2	1.4829	0.8768	2.3597	1.9494

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
Class A Income				
Group 1	1.9946	—	1.9946	1.7149
Group 2	1.2865	0.7081	1.9946	1.7149

Equalisation

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

7IM CAPITAL STRATEGY FUND

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

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

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

Investment Manager's Report

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

Seven Investment Management LLP
Investment Manager
September 2024

7IM CAPITAL STRATEGY FUND

FUND INFORMATION

Comparative Table

As dealing in the Sub-fund was suspended on 27 April 2021 and the Sub-fund is in the process of being terminated, comparative table has not been disclosed.

Ongoing Charges Figures

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

Synthetic Risk and Reward Indicator

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

7IM CAPITAL STRATEGY FUND

PORTFOLIO STATEMENT

as at 31 May 2024

Holding	Portfolio of Investment	Value 31.05.24	
		£	%
	COLLECTIVE INVESTMENT SCHEMES 0.00% (0.00%)¹		
	United Kingdom 0.00% (0.00%)¹		
3,304	Xenfin Securitised Debt ²	87,699	—
		<hr/>	
	Portfolio of investment	87,699	—
	Net other liabilities	(87,699)	—
		<hr/>	
	Net assets	—	—
		<hr/>	

¹ Comparative figures shown in brackets relate to 31 May 2023.

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

7IM CAPITAL STRATEGY FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		25,373		(49,218)
Revenue	5	429		333	
Expenses	6	—		(5,514)	
Net revenue/(expense) before taxation for the year		429		(5,181)	
Taxation	7	—		—	
Net revenue/(expense) after taxation for the year			429		(5,181)
Total return before distributions			25,802		(54,399)
Distributions	8		—		—
Change in net assets attributable to shareholders from investment activities			25,802		(54,399)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

		31.05.24 ¹		31.05.23
	£	£	£	£
Opening net assets attributable to shareholders		—		—
Amounts payable from termination		(25,802)		54,399
Change in net assets attributable to shareholders from investment activities		25,802		(54,399)
Closing net assets attributable to shareholders		—		—

¹ Dealing in the Sub-fund was suspended on 27 April 2021. As at accounting year end date 31 May 2024, the Sub-fund is in the process of being terminated.

The notes on pages 99 to 105 are an integral part of these financial statements.

7IM CAPITAL STRATEGY FUND

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 ¹ £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		87,699	118,459
Current assets:			
Debtors	9	153,924	97,841
Cash and bank balances	10	29,988	29,427
Total assets		271,611	245,727
LIABILITIES			
Creditors:			
Other creditors	11	(271,611)	(245,727)
Total liabilities		(271,611)	(245,727)
Net assets attributable to shareholders		–	–

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

The notes on pages 99 to 105 are an integral part of these financial statements.

7IM CAPITAL STRATEGY 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 financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	4,387	(45,877)
Currency gains	–	2,753
Transaction charges	10	(46)
Provision for remediation	20,976	(6,362)
AMC rebates from underlying investments	–	314
Net capital gains/(losses)	25,373	(49,218)

5 Revenue

	31.05.24 £	31.05.23 £
AMC rebates from underlying investments	–	84
Bank interest	429	249
Total revenue	429	333

7IM CAPITAL STRATEGY 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:		
Other expenses	–	(3,103)
	–	(3,103)
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	14
Safe custody and other bank charges	–	(231)
	–	(217)
Other Expenses:		
Legal and professional fees	–	(668)
Printing, postage and distribution costs	–	(255)
Provision for termination expenses ^{1,2}	–	9,757
	–	8,834
Total expenses	–	5,514

¹ The expenses settled within the accounting period in the provision are inclusive of Audit fee of £Nil (2023: £7,005), and Safe custody and other bank charges of £Nil (2023: £754).

² Audit fee is included in the provision for termination expenses to cover the expenses of the Sub-fund. Please also refer to note 2(e) for the treatment of expenses for further details.

7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Current tax charge (note 7b)	–	–
Total taxation	–	–
<i>b) Factors affecting tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2023: 20%) for the reasons explained below.		
Net revenue/(expense) before taxation	429	(5,181)
Corporation tax at 20%	86	(1,036)
Effects of:		
AMC rebates taken to capital	–	63
Non-allowable expenses	–	1,951
Unutilised excess management expenses	(86)	(978)
Total tax charge (note 7a)	–	–

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 £55,953 (2023: £56,039) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

7IM CAPITAL STRATEGY FUND

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

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	–	–
Final	–	–
	–	–
Add: Revenue deducted on cancellation of shares	–	–
Deduct: Revenue received on issue of shares	–	–
Net distributions for the year	–	–
Total distribution	–	–
	31.05.24 £	31.05.23 £
Distributions represented by:		
Net revenue/(expense) after taxation	429	(5,181)
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	–	63
Income deficit	–	5,118
Net movement in revenue account	(429)	–
Net distributions for the year	–	–

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

9 Debtors

	31.05.24 £	31.05.23 £
Sales awaiting settlement	35,147	–
Accrued revenue	–	37
Income tax recoverable	–	3
Amounts receivable from the ACD ¹	118,777	97,801
Total debtors	153,924	97,841

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

10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	29,988	29,427
Total cash and bank balances	29,988	29,427

7IM CAPITAL STRATEGY FUND

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

11 Other creditors

	31.05.24	31.05.23
	£	£
Provision for termination expenses	41,375	41,292
Amounts payable from termination	230,236	204,435
Total other creditors	271,611	245,727

12 Related party transactions

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

The amounts receivable from 7IM (the 'ACD') as at year end are £118,777(2023: £97,801). 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 97. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date, there was no shareholder held in excess of 20% of the shares in issue of the Sub-fund (2023: none).

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

13 Classes of Shares

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

There were no shares in issue during the year (2023: none).

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 15 to 16. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

7IM CAPITAL STRATEGY 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

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	29,988	—	241,623	271,611
	29,988	—	241,623	271,611
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	—	—	(271,611)	(271,611)
	—	—	(271,611)	(271,611)

Interest rate exposure as at 31 May 2023

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

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

7IM CAPITAL STRATEGY FUND

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

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	(87,699)	87,699	–
Net assets	(87,699)	87,699	–

Foreign currency risk exposure as at 31 May 2023

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

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund (2023: none).

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

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

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

7IM CAPITAL STRATEGY FUND

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

15 Risks Disclosures (continued)

iv. Fair value (continued)

Xenfin Securitised Debt Fund

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

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

- a. The last observable published price was in June 2019, throughout 2020 – 2024 the Fund has made six distributions returning approximately 58% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.
- b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of significant judgement. Examples include: (i) expectation of sale of property assets; (ii) expectation of recovery via third-party claims; and (iii) the expectation of costs to be recovered.

31 May 2024	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	87,699	87,699
31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	118,459	118,459

16 Purchases, Sales and Transaction Costs

During the year ended 31 May 2024, there were no purchases and sales made by the Sub-fund (2023: none).

Average portfolio dealing spread

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

17 Post Balance Sheet Events

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

7IM CAPITAL STRATEGY FUND

DISTRIBUTION TABLES

The Sub-fund has no distribution for the year ended 31 May 2024 and period ended 30 November 2023 as the Sub-fund is in the process of being terminated.

7IM MULGY FUND

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

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

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

Comparator Benchmark

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

Investment Manager's Report

Performance Report

In the reporting period, 1 June 2023 to 31 May 2024, the portfolio delivered a total return of 6.82%¹.

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, 3 year and 5 year relative performance to the benchmark was (5.62%), (3.18%), and (5.79%) 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 FED and 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.

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 US Federal Reserve and the European Central Bank have concluded their rate hikes in the current cycle. UK's inflation growth also fell, showing price pressures gradually receding.

7IM MULGY FUND

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

Investment Manager's Report (continued)

Investment Background (continued)

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 Federal Reserve 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 Federal Reserve 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.

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.

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 increased 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.

7IM MULGY FUND

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

Investment Manager's Report (continued)

Portfolio Review (continued)

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.

Another distribution was made by Xenfin over the period following the sale of the property in Miami.

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 funded by reductions in alternatives.

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.

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. And 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 MULGY FUND

FUND INFORMATION

The Comparative Table on page 111 gives the performance of the active share class in the Sub-fund.

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

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

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

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

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

7IM MULGY FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	102.33	103.34	106.35
Return before operating charges*	8.19	1.36	(0.40)
Operating charges (calculated on average price)	(1.21)	(1.19)	(1.21)
Return after operating charges*	6.98	0.17	(1.61)
Distributions on income shares	(1.50)	(1.18)	(1.40)
Closing net asset value per share	107.81	102.33	103.34
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	6.82%	0.16%	(1.51)%
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Other Information

Closing net asset value (£'000)	16,844	16,099	16,737
Closing number of shares	15,623,580	15,732,631	16,196,257
Operating charges ³	1.17%	1.16%	1.14%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	111.03	108.35	110.43
Lowest share price	97.45	97.17	99.34

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 112.

7IM MULGY FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2024

	Class A
ACD's periodic charge	0.57%
Other expenses	0.14%
	<hr/> 0.71%
Collective investment scheme costs	0.46%
Ongoing Charges Figure	<hr/> 1.17%

As at 31 May 2023

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

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

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

7IM MULGY FUND

PORTFOLIO STATEMENT

as at 31 May 2024

		Value £	31.05.24 %
Holding	Portfolio of Investment		
	ALTERNATIVES 2.92% (5.34%)¹		
	Alternative Strategies 2.92% (5.34%)¹		
200,000	JP Morgan Structured Products 0.00% 12/10/2026 ²	165,917	0.99
98,000	SG Defensive Short Term Equity Strategy 0.00% 22/12/2025 ²	81,739	0.49
97,000	SG Issuer 0.00% 25/11/2025 ²	81,682	0.48
1,688	UBS AG London 0.00% 20/10/2027	160,905	0.96
		490,243	2.92
	EQUITY 0.00% (5.43%)¹		
	North America 0.00% (5.43%)¹		
	FORWARD CURRENCY CONTRACTS -0.20% (0.03%)¹		
€295,000	Vs £(253,538) Expiry 18.10.2024	(509)	—
US\$(416,468)	Vs £328,066 Expiry 12.07.2024	771	0.01
US\$(2,760,000)	Vs £2,169,694 Expiry 12.07.2024	651	—
¥254,800,000	Vs £(1,338,025) Expiry 15.11.2024	(33,532)	(0.20)
US\$416,468	Vs £(327,394) Expiry 12.07.2024	(98)	—
US\$365,000	Vs £(287,924) Expiry 12.07.2024	(1,077)	(0.01)
		(33,794)	(0.20)
	COLLECTIVE INVESTMENT SCHEMES 93.09% (85.45%)¹		
	Ireland 12.36% (13.35%)¹		
101,567	iShares MSCI USA ESG Screened UCITS ETF	785,823	4.66
83,717	Neuberger Berman US Equity Index Put Write Fund	1,297,614	7.70
		2,083,437	12.36
	Luxembourg 19.79% (16.29%)¹		
6,232	AB SICAV I - International Health Care Portfolio	1,029,801	6.11
1,427	AQR - Managed Futures UCITS Fund	160,658	0.95
7,002	BlackRock Global Funds - World Mining Fund	417,969	2.48
98	Candriam Absolute Return Equity Market Neutral	165,013	0.98
1,201	Fulcrum Equity Dispersion Fund	164,065	0.97
4,545	Pictet-Japanese Equity Selection A3	746,667	4.43
25,336	Schroder ISF Asian Opportunities	651,830	3.87
		3,336,003	19.79
	United Kingdom 60.94% (51.53%)¹		
92,748	Fidelity Index Europe ex UK Fund P Accumulation	210,565	1.25
975,920	Fidelity Investment Funds ICVC - UK Select Fund	1,215,021	7.21
317,258	iShares Global Property Securities Index	688,728	4.09
461,110	iShares US Equity ESG Index Fund	457,242	2.72
635,278	JP Morgan Emerging Markets Income Fund	688,642	4.09
467,014	LF Lightman European Fund I Income	626,546	3.72
453,848	M&G Japan Fund Sterling	733,918	4.36
298,670	Man GLG Income Fund	1,225,742	7.28
500,410	Ninety One Funds Series III - Global Environment Fund	784,793	4.66
200,046	Premier Miton European Opportunities	671,153	3.98
339,075	Premier Miton US Opportunities Fund	1,408,516	8.36
2,041,169	Schroder Prime UK Equity Fund	1,212,046	7.20
12,813	Xenfin Securitised Debt ³	340,141	2.02
		10,263,053	60.94
	United States 0.00% (4.28%)¹		

7IM MULGY FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2024

Holding	Portfolio of Investment	Value £	31.05.24 %
	Portfolio of investment	16,138,942	95.81
	Net other assets	705,014	4.19
	Net assets	16,843,956	100.00

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

¹ Comparative figures shown in brackets relate to 31 May 2023.

² Structured product.

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

	31.05.24 %	31.05.23 %
Credit Quality		
Non-rated debt securities	2.92	5.34
Other investments	92.89	90.91
Net other assets	4.19	3.75
	100.00	100.00

7IM MULGY 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		953,220		(59,084)
Revenue	5	246,226		196,514	
Expenses	6	(106,351)		(111,017)	
Interest payable and similar charges	8	—		(350)	
Net revenue before taxation for the year		139,875		85,147	
Taxation	7	(2,645)		(1,861)	
Net revenue after taxation for the year			137,230		83,286
Total return before distributions			1,090,450		24,202
Distributions	8		(235,654)		(188,871)
Change in net assets attributable to shareholders from investment activities			854,796		(164,669)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

	£	31.05.24 £	£	31.05.23 £
Opening net assets attributable to shareholders		16,098,674		16,737,281
Amounts paid on cancellation of shares ¹	(109,514)		(473,938)	
		(109,514)		(473,938)
Change in net assets attributable to shareholders from investment activities		854,796		(164,669)
Closing net assets attributable to shareholders		16,843,956		16,098,674

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

The notes on pages 118 to 127 are integral part of these financial statements.

7IM MULGY FUND

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		16,174,158	15,514,509
Current assets:			
Debtors	9	444,037	359,133
Cash and bank balances	10	374,966	334,377
Total assets		16,993,161	16,208,019
LIABILITIES			
Investment liabilities		(35,216)	(19,004)
Creditors:			
Distribution payable	8	(82,493)	(60,807)
Other creditors	11	(31,496)	(29,534)
Total liabilities		(149,205)	(109,345)
Net assets attributable to shareholders		16,843,956	16,098,674

The notes on pages 118 to 127 are integral part of these financial statements.

7IM MULGY 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 15.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	1,113,868	99,550
Forward currency contracts	(238,765)	(192,959)
Currency (losses)/gains	(4,393)	38,635
Transaction charges	(3,300)	(2,848)
Provision for remediation	77,044	(17,477)
CSDR penalty reimbursement	58	—
AMC rebates from underlying investments	8,708	16,015
Net capital gains/(losses)	953,220	(59,084)

5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	206,590	169,131
Taxable dividends	31,766	21,111
Unfranked interest	(3,890)	(4,474)
AMC rebates from underlying investments	3,269	5,198
Bank interest	8,491	5,548
Total revenue	246,226	196,514

7IM MULGY 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	93,096	94,668
Other expenses	(5,659)	748
	<u>87,437</u>	<u>95,416</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2,930	3,207
Safe custody and other bank charges	2,931	3,021
	<u>5,861</u>	<u>6,228</u>
Other Expenses:		
Audit fee ¹	12,794	7,004
Dealing and exchange fees	21	33
FCA and other regulatory fees	161	161
Legal and professional fees	–	2,105
Printing, postage and distribution costs	77	70
	<u>13,053</u>	<u>9,373</u>
Total expenses	<u>106,351</u>	<u>111,017</u>

¹ The Audit fee is inclusive of 20% VAT and 5.00% support cost.

7 Taxation

	31.05.24	31.05.23
	£	£
a) <i>Analysis of charge for the year</i>		
Irrecoverable CIS income tax	<u>2,645</u>	<u>1,861</u>
Current tax charge (note 7b)	<u>2,645</u>	<u>1,861</u>
Total taxation	<u>2,645</u>	<u>1,861</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	<u>139,875</u>	<u>85,147</u>
Corporation tax at 20%	<u>27,975</u>	<u>17,029</u>
Effects of:		
AMC rebates taken to capital	1,742	3,203
Irrecoverable CIS income tax w/off	2,645	1,861
Non-taxable dividends	(41,318)	(33,799)
Unutilised excess management expenses	<u>11,601</u>	<u>13,567</u>
Total tax charge (note 7a)	<u>2,645</u>	<u>1,861</u>

7IM MULGY FUND

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

7 Taxation (continued)

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 £25,168 (2023: £13,567) 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 £
First Interim	20,531	28,507
Second Interim	86,914	58,245
Third Interim	45,230	40,250
Final ¹	82,493	60,807
	<hr/> 235,168	<hr/> 187,809
Add: Revenue deducted on cancellation of shares	486	1,062
Deduct: Revenue received on issue of shares	–	–
Net distributions for the year	<hr/> 235,654	<hr/> 188,871
Interest payable and similar charges	–	350
Total distribution	<hr/> 235,654	<hr/> 189,221

Details of the distributions per share are set out in the table on page 128.

Distributions represented by:		
Net revenue after taxation	137,230	83,286
Allocations to capital:		
Capitalised expenses, net of tax relief ²	98,424	105,584
Net movement in revenue account	–	1
Net distributions for the year	<hr/> 235,654	<hr/> 188,871

¹ Distribution payable at the year end of £82,493 (2023: £60,807) are disclosed in the Balance Sheet on page 117.

² Please refer to Note 2(h) Distribution Policy on page 12 for further details.

9 Debtors

	31.05.24 £	31.05.23 £
Accrued revenue	11,814	5,416
Income tax recoverable	3,217	1,466
AMC rebates from underlying investments	4,695	4,984
Amounts receivable from the ACD ¹	424,311	347,267
Total debtors	<hr/> 444,037	<hr/> 359,133

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

7IM MULGY FUND

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	374,966	334,377
Total cash and bank balances	374,966	334,377

11 Other Creditors

	31.05.24 £	31.05.23 £
Purchases awaiting settlement	10,989	4,743
Accrued expenses	20,507	24,791
Total other creditors	31,496	29,534

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £8,270 (2023: £8,150).

The amounts receivable from 7IM (the 'ACD') as at year end are £424,311 (2023: £347,267). 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 116. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

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

Pershing Nominees Limited 100.00% (2023: 100.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £758,172 (2023: (£604,372)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £213,482 and £82,493 (2023: £159,557 and £60,807), accordingly.

13 Classes of Shares

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

Class A £12,000 per annum plus 0.50%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	15,732,631	–	(109,051)	–	15,623,580

14 Contingent liabilities and commitments

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

7IM MULGY 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 15 to 16. 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	–	490,243	1,437,663	1,927,906
Pound sterling	374,966	–	14,690,289	15,065,255
	374,966	490,243	16,127,952	16,993,161

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(149,205)	(149,205)
	–	–	(149,205)	(149,205)

Interest rate exposure as at 31 May 2023

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

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

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

7IM MULGY FUND

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

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	31.05.24 %	31.05.23 %	31.05.24 Years	31.05.23 Years
US dollar	(2.15)	(3.06)	2	1

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 weighted average effective duration was 0.06 years (31 May 2023: 0.07 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 £
US dollar	10	1,927,897	1,927,907
	10	1,927,897	1,927,907
Pound sterling	705,004	14,211,045	14,916,049
Net assets	705,014	16,138,942	16,843,956

Foreign currency risk exposure as at 31 May 2023

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

iii. Derivatives

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

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

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be around 100% of the Sub-fund's Net Asset Value 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 year ended 31 May 2024 was 23%, 38% and 29% respectively (31 May 2023: 16%, 52% and 25% respectively).

7IM MULGY FUND

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

15 Risks Disclosures (continued)

iii. Derivatives (continued)

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

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

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

The types of derivatives held at the balance sheet date was forward currency contracts 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 £
Forward Currency Contracts		
Northern Trust	(33,794)	4,695
Structured Products		
JP Morgan	165,917	305,377
Societe Generale	163,421	292,553
Total net exposure¹	295,544	602,625

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

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

7IM MULGY 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.

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

Xenfin Securitised Debt Fund

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

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

a. The last observable published price was in June 2019, throughout 2020 – 2024 the Fund has made six distributions returning approximately 58% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.

b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of significant judgement. Examples include: (i) expectation of sale of property assets; (ii) expectation of recovery via third-party claims; and (iii) the expectation of costs to be recovered.

	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2024				
Assets				
Bonds	81,739	408,504	–	490,243
Collective Investment Schemes	13,207,627	2,134,725	340,141	15,682,493
Derivatives	–	1,422	–	1,422
Total	13,289,366	2,544,651	340,141	16,174,158
Liabilities				
Derivatives	–	(35,216)	–	(35,216)
31 May 2023				
Assets				
Bonds	–	858,234	–	858,234
Collective Investment Schemes	7,022,491	6,276,575	459,446	13,758,512
Derivatives	–	23,699	–	23,699
Equities	874,064	–	–	874,064
Total	7,896,555	7,158,508	459,446	15,514,509
Liabilities				
Derivatives	–	(19,004)	–	(19,004)

7IM MULGY 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 110.

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
Purchases						
Bonds	552	—	—	—	—	—
Collective Investment Schemes	4,823	—	—	—	—	—
Equities	1,548	—	—	—	—	—
Total	6,923	—	—	—	—	—
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Bonds	938	—	—	—	—	—
Collective Investment Schemes	4,417	—	—	—	—	—
Equities	2,070	—	—	—	—	—
Total	7,425	—	—	—	—	—
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
Purchases						
Bonds	563	—	—	—	—	—
Collective Investment Schemes	7,584	—	—	—	—	—
Equities	194	—	—	—	—	—
Total	8,341	—	—	—	—	—
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Bonds	90	—	—	—	—	—
Collective Investment Schemes	7,774	—	—	—	—	—
Equities	1,067	—	—	—	—	—
Total	8,931	—	—	—	—	—
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

7IM MULGY 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 0.01% (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 A Income was 108.33p. The Net Asset Value price per share of Class A Income for the Sub-fund on 20 September 2024 was 110.34p. This represents an increase of 1.86% from the year end value.

7IM MULGY FUND

DISTRIBUTION TABLES

for the year ended 31 May 2024

First 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 31 August 2023

	Net Revenue	Equalisation	Paid 31.10.23	Paid 31.10.22
Class A Income				
Group 1	0.1305	—	0.1305	0.1771
Group 2	0.1305	—	0.1305	0.1771

Second Interim - in pence per share

Group 1 - Shares purchased prior to 1 September 2023

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

	Net Revenue	Equalisation	Paid 31.01.24	Paid 31.01.23
Class A Income				
Group 1	0.5563	—	0.5563	0.3653
Group 2	0.5563	—	0.5563	0.3653

Third Interim - 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 29 February 2024

	Net Revenue	Equalisation	Paid 30.04.24	Paid 28.04.23
Class A Income				
Group 1	0.2895	—	0.2895	0.2540
Group 2	0.2895	—	0.2895	0.2540

Final - in pence per share

Group 1 - Shares purchased prior to 1 March 2024

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

	Net Revenue	Equalisation	Paid 31.07.24	Paid 31.07.23
Class A Income				
Group 1	0.5280	—	0.5280	0.3865
Group 2	0.5280	—	0.5280	0.3865

Equalisation

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

7IM CTAK CAPIV FUND

ACD'S REPORT

for the year ended 31 May 2024

Investment Objective and Policy

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

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

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

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

Investment Manager's Report

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

Seven Investment Management LLP

Investment Manager

September 2024

7IM CTAK CAPIV FUND

FUND INFORMATION

The Comparative Table on page 131 gives the performance of the active share class in the Sub-fund.

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

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

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

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

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

7IM CTAK CAPIV FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.24 (pence per share)	31.05.23 (pence per share)	31.05.22 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	68.59	71.04	87.52
Return before operating charges*	6.41	(2.26)	(16.07)
Operating charges (calculated on average price)	–	(0.19)	(0.41)
Return after operating charges*	6.41	(2.45)	(16.48)
Distributions on income shares	–	–	–
Closing net asset value per share	75.00	68.59	71.04
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	9.35%	(3.45)%	(18.83)%
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Other Information

Closing net asset value (£'000)	693	750	957
Closing number of shares	923,582	1,093,923	1,347,399
Operating charges ³	0.00%	0.28%	0.67%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	77.26	76.08	87.61
Lowest share price	67.04	62.59	48.74

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 132.

7IM CTAK CAPIV FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

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

Synthetic Risk and Reward Indicator

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

7IM CTAK CAPIV FUND

PORTFOLIO STATEMENT

as at 31 May 2024

		Value	31.05.24
		£	%
Holding	Portfolio of Investment		
	COLLECTIVE INVESTMENT SCHEMES 46.76% (58.30%)¹		
	United Kingdom 46.76% (58.30%)¹		
12,201	Xenfin Securitised Debt ²	323,886	46.76
	Portfolio of investment	323,886	46.76
	Net other assets	368,794	53.24
	Net assets	692,680	100.00

¹ Comparative figures shown in brackets relate to 31 May 2023.

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

7IM CTAK CAPIV FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2024

			31.05.24		31.05.23
	Notes	£	£	£	£
Income					
Net capital gains/(losses)	4		71,561		(36,317)
Revenue	5	757		840	
Expenses	6	–		3,739	
Interest payable and similar charges	8	(57)		(2)	
Net revenue before taxation for the year		700		4,577	
Taxation	7	(140)		(108)	
Net revenue after taxation for the year			560		4,469
Total return before distributions			72,121		(31,848)
Distributions	8		(216)		–
Change in net assets attributable to shareholders from investment activities			71,905		(31,848)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2024

		31.05.24		31.05.23
	£	£	£	£
Opening net assets attributable to shareholders		750,359		957,207
Amounts paid on cancellation of shares ¹	(129,584)		(175,000)	
		(129,584)		(175,000)
Change in net assets attributable to shareholders from investment activities		71,905		(31,848)
Closing net assets attributable to shareholders		692,680		750,359

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

The notes on pages 136 to 142 are an integral part of these financial statements.

7IM CTAK CAPIV FUND

BALANCE SHEET

as at 31 May 2024

	Notes	31.05.24 £	31.05.23 £
ASSETS			
Fixed assets:			
Investments		323,886	437,489
Current assets:			
Debtors	9	357,413	302,148
Cash and bank balances	10	40,873	40,115
Total assets		722,172	779,752
LIABILITIES			
Creditors:			
Other creditors	11	(29,492)	(29,393)
Total liabilities		(29,492)	(29,393)
Net assets attributable to shareholders		692,680	750,359

The notes on pages 136 to 142 are an integral part of these financial statements.

7IM CTAK CAPIV 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 financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 16.

4 Net capital gains/(losses)

	31.05.24 £	31.05.23 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	16,199	1,331
Currency losses	–	(1)
Transaction charges	40	(150)
Provision for remediation	55,322	(37,497)
Net capital gains/(losses)	71,561	(36,317)

5 Revenue

	31.05.24 £	31.05.23 £
Non-taxable dividends	–	1
AMC rebates from underlying investments	–	392
Bank interest	757	447
Total revenue	757	840

7IM CTAK CAPIV 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:		
Other expenses	–	(4,916)
	–	(4,916)
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	(30)
Safe custody and other bank charges	–	2,250
	–	2,220
Other Expenses:		
Audit fee ¹	–	(5,473)
Dealing and exchange fees	–	(81)
Printing, postage and distribution costs	–	(14)
Provision for termination expenses ²	–	4,525
	–	(1,043)
Total expenses	–	(3,739)

¹ The Audit fee is inclusive of 20% VAT and 5.00% support cost. Please refer to Note 11 for all the outstanding amount and the provision for termination expenses as at year end.

Audit fee is included in the provision for termination expenses to cover the expenses of the Sub-fund. Please also refer to note 2(e) for the treatment of expenses for further details.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £Nil (2023: £7,005), Printing, postage, and distribution costs of £Nil (2023: £70), and Safe custody and other bank charges of £Nil (2023: £755).

7 Taxation

	31.05.24 £	31.05.23 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	140	108
Current tax charge (note 7b)	140	108
Total taxation	140	108
<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	700	4,577
Corporation tax at 20%	140	915
Effects of:		
Unutilised excess management expenses	–	(807)
Total tax charge (note 7a)	140	108

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).

7IM CTAK CAPIV FUND

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

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 £
First Interim	–	–
Second Interim	–	–
Third Interim	–	–
Final	–	–
	<hr/>	<hr/>
	–	–
Add: Revenue deducted on cancellation of shares	216	–
Deduct: Revenue received on issue of shares	–	–
	<hr/>	<hr/>
Net distributions for the year	216	–
Interest payable and similar charges	57	2
	<hr/>	<hr/>
Total distribution	273	2
	<hr/>	<hr/>
Distributions represented by:		
Net revenue after taxation	560	4,469
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	–	(3,642)
Net movement in revenue account	(344)	(827)
	<hr/>	<hr/>
Net distributions for the year	216	–
	<hr/>	<hr/>

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

9 Debtors

	31.05.24 £	31.05.23 £
Accrued revenue	–	56
Amounts receivable from the ACD ¹	357,413	302,092
	<hr/>	<hr/>
Total debtors	357,413	302,148
	<hr/>	<hr/>

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

10 Cash and bank balances

	31.05.24 £	31.05.23 £
Cash and bank balances	40,873	40,115
	<hr/>	<hr/>
Total cash and bank balances	40,873	40,115
	<hr/>	<hr/>

7IM CTAK CAPIV FUND

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

11 Other creditors

	31.05.24 £	31.05.23 £
Provision for termination expenses	29,352	29,285
Corporation tax payable	140	108
Total other creditors	29,492	29,393

12 Related party transactions

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

The amounts receivable from 7IM (the 'ACD') as at year end are £357,413 (2023: £302,092). 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 134. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £Nil (2023: £Nil) and £Nil (2023: £Nil), accordingly.

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

Pershing Nominees Limited 100% (2023: 100.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£65,074) (2023: (£203,070)). 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 one share class. The Annual Management Charge has been reduced to £0 while this fund is in the process of being terminated.

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	1,093,923	–	(170,341)	–	923,582

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 15 to 16. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

7IM CTAK CAPIV 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

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	40,873	—	681,299	722,172
	40,873	—	681,299	722,172
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	—	—	(29,492)	(29,492)
	—	—	(29,492)	(29,492)

Interest rate exposure as at 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	40,115	—	739,637	779,752
	40,115	—	739,637	779,752
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	—	—	(29,393)	(29,393)
	—	—	(29,393)	(29,393)

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

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

7IM CTAK CAPIV 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:

Foreign currency risk exposure as at 31 May 2024

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	368,794	323,886	692,680
Net assets	368,794	323,886	692,680

Foreign currency risk exposure as at 31 May 2023

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

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund (2023: none).

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

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

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

Xenfin Securitised Debt Fund

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

7IM CTAK CAPIV FUND

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

15 Risks Disclosures (continued)

iv. Fair value (continued)

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

- a. The last observable published price was in June 2019, throughout 2020 – 2024 the Fund has made six distributions returning approximately 58% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.
- b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of significant judgement. Examples include: (i) expectation of sale of property assets; (ii) expectation of recovery via third-party claims; and (iii) the expectation of costs to be recovered.

	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2024				
Assets				
Collective Investment Schemes	–	–	323,886	323,886
31 May 2023				
Assets				
Collective Investment Schemes	–	–	437,489	437,489

16 Purchases, Sales and Transaction Costs

During the year ended 31 May 2024, there were no purchases and sales made by the Sub-fund (2023: none).

Average portfolio dealing spread

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

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 75.00p. The Net Asset Value price per share of Class A Income for the Sub-fund on 20 September 2024 was 76.93p. This represents an increase of 2.57% from the year end value.

7IM CTAK CAPIV FUND

DISTRIBUTION TABLES

for the year ended 31 May 2024

The Sub-fund has no distribution for the year ended 31 May 2024 and period ended 30 November 2023 as the Sub-fund is in the process of being terminated.

7IM FUNDS ICVC

SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED

The European Regulation on reporting and transparency of securities financing transactions and reuse ('SFTR'), which aims to improve the transparency and monitoring of the financial system, became effective on 13 January 2016. The SFTR applies to the 7IM Funds ('the Company') as a UCITS scheme and requires the ACD to comply with a series of obligations. In particular, the ACD is required to provide investors with information on the use of securities financing transactions ('SFT's) and total return swaps ('TRS') by the Company in all interim and annual reports for the Company published from 13 January 2017.

The following details the SFTR activities of the Sub-funds during the year ended 31 May 2024 and as at the balance sheet date.

Securities Lending

The Sub-funds of the Company may engage in securities lending activities. During the year ended 31 May 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 Absolute Return Portfolio
7IM Income Portfolio
7IM Arden Fund
7IM Randolph Place Diversified Fund
7IM Capital Strategy Fund
7IM Mulgy Fund
7IM CTAK CAPIV Fund

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

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

7IM FUNDS ICVC

GENERAL INFORMATION

Head Office

4th Floor
1 Angel Court
London EC2R 7HJ

Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency

The base currency of the Company is Pounds Sterling. Each Sub-fund and class is designated in Pounds Sterling.

Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the Sub-funds.

Structure of the Company

The Company is structured as an umbrella company in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new sub-fund or class of share, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

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

In the future there may be other sub-funds of the Company.

Classes of Shares

The Company has the following active shares classes 'A' Accumulation, 'A' Income, 'B' Accumulation, Income and Income 2. The Company can issue any share class in accordance with the Prospectus.

Holders of Income shares are entitled to be paid the income attributable to such shares in respect of each annual or interim accounting period, as applicable to the relevant Sub-fund.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

Valuation Point

The valuation point of the Company is 12:00pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

7IM FUNDS ICVC

GENERAL INFORMATION (continued)

Buying and Selling Shares

The dealing office of the ACD is normally open from 9.00am to 5.30pm London time on each business day. The ACD may vary these times at its discretion. Requests to deal in shares may also be made by telephone on each business day (at the ACD's discretion) between 9.00am and 5.30pm London time directly to the office of the ACD (telephone: 0870 870 7431 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

Prices

The prices of all shares are published on the ACD's website: www.7im.co.uk. Alternatively, the prices of all shares may be obtained by calling 0333 300 0354 during the ACD's normal business hours.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, www.7im.co.uk.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR.

Data Protection Act

The ACD may transfer your personal information to countries located outside of the EEA. This may happen when the ACD's servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances, the ACD will take steps to ensure that your privacy rights are respected.

Further information on the circumstances in which we may transfer your personal data and the data protection measures we take are set out in our Privacy Notice.

Risk Warning

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

Assessment of value

For each of its sub-funds, Seven Investment Management LLP, will publish an Assessment of Value covering the financial year ended 31 May 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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