

7IM OPPORTUNITY FUNDS

Annual Report and Audited Financial Statements
for the year ended 31 May 2023

7IM Real Return Fund
7IM Select Moderately Cautious Fund
7IM Select Balanced Fund
7IM Select Moderately Adventurous Fund
7IM Select Adventurous Fund
7IM Pathbuilder 1 Fund
7IM Pathbuilder 2 Fund
7IM Pathbuilder 3 Fund
7IM Pathbuilder 4 Fund

The logo for 7IM, featuring the letters '7IM' in a bold, sans-serif font. The letter 'i' is lowercase and has a small dot above it, while '7' and 'M' are uppercase.

7IM OPPORTUNITY FUNDS

DIRECTORY

Authorised Corporate Director ('ACD')

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(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)

J. Lander (Non-executive)

T. Leader (Non-executive)

D. Proctor (Executive)

D. Walker (Executive)

D. Young (Non-executive)

Depository

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Registrar & Administrator

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Independent Auditor

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7IM OPPORTUNITY FUNDS

CONTENTS

| | |
|---|-----|
| Authorised Status | 4 |
| Remuneration Disclosures | 4 |
| Director's Statement | 5 |
| Statement of ACD's Responsibilities in Relation to the Financial Statements | 6 |
| Statement of Depositary's Responsibilities | 7 |
| Report of the Depositary | 7 |
| Independent Auditor's Report to the Shareholders of 7IM Opportunity Funds | 8 |
| Notes to the Financial Statements | 11 |
| 7IM Real Return Fund | |
| ACD's Report | |
| - Investment Objective and Policy | 16 |
| - Investment Manager's Report | 16 |
| Fund Information | 20 |
| Portfolio Statement | 26 |
| Statement of Total Return | 28 |
| Statement of Change in Net Assets Attributable to Shareholders | 28 |
| Balance Sheet | 29 |
| Notes to the Financial Statements | 30 |
| Distribution Tables | 40 |
| 7IM Select Moderately Cautious Fund | |
| ACD's Report | |
| - Investment Objective and Policy | 42 |
| - Investment Manager's Report | 42 |
| Fund Information | 45 |
| Portfolio Statement | 52 |
| Statement of Total Return | 54 |
| Statement of Change in Net Assets Attributable to Shareholders | 54 |
| Balance Sheet | 55 |
| Notes to the Financial Statements | 56 |
| Distribution Tables | 67 |
| 7IM Select Balanced Fund | |
| ACD's Report | |
| - Investment Objective and Policy | 69 |
| - Investment Manager's Report | 69 |
| Fund Information | 72 |
| Portfolio Statement | 79 |
| Statement of Total Return | 81 |
| Statement of Change in Net Assets Attributable to Shareholders | 81 |
| Balance Sheet | 82 |
| Notes to the Financial Statements | 83 |
| Distribution Tables | 95 |
| 7IM Select Moderately Adventurous Fund | |
| ACD's Report | |
| - Investment Objective and Policy | 97 |
| - Investment Manager's Report | 97 |
| Fund Information | 100 |
| Portfolio Statement | 107 |
| Statement of Total Return | 109 |
| Statement of Change in Net Assets Attributable to Shareholders | 109 |
| Balance Sheet | 110 |
| Notes to the Financial Statements | 111 |
| Distribution Tables | 122 |

7IM OPPORTUNITY FUNDS

CONTENTS (continued)

7IM Select Adventurous Fund

| | |
|--|-----|
| ACD's Report | |
| -Investment Objective and Policy | 124 |
| -Investment Manager's Report | 124 |
| Fund Information | 127 |
| Portfolio Statement | 134 |
| Statement of Total Return | 136 |
| Statement of Change in Net Assets Attributable to Shareholders | 136 |
| Balance Sheet | 137 |
| Notes to the Financial Statements | 138 |
| Distribution Tables | 149 |

7IM Pathbuilder 1 Fund

| | |
|--|-----|
| ACD's Report | |
| -Investment Objective and Policy | 151 |
| -Investment Manager's Report | 151 |
| Fund Information | 154 |
| Portfolio Statement | 159 |
| Statement of Total Return | 160 |
| Statement of Change in Net Assets Attributable to Shareholders | 160 |
| Balance Sheet | 161 |
| Notes to the Financial Statements | 162 |
| Distribution Tables | 171 |

7IM Pathbuilder 2 Fund

| | |
|--|-----|
| ACD's Report | |
| -Investment Objective and Policy | 172 |
| -Investment Manager's Report | 172 |
| Fund Information | 175 |
| Portfolio Statement | 180 |
| Statement of Total Return | 181 |
| Statement of Change in Net Assets Attributable to Shareholders | 181 |
| Balance Sheet | 182 |
| Notes to the Financial Statements | 183 |
| Distribution Tables | 193 |

7IM Pathbuilder 3 Fund

| | |
|--|-----|
| ACD's Report | |
| -Investment Objective and Policy | 194 |
| -Investment Manager's Report | 194 |
| Fund Information | 197 |
| Portfolio Statement | 202 |
| Statement of Total Return | 203 |
| Statement of Change in Net Assets Attributable to Shareholders | 203 |
| Balance Sheet | 204 |
| Notes to the Financial Statements | 205 |
| Distribution Tables | 215 |

7IM Pathbuilder 4 Fund

| | |
|--|-----|
| ACD's Report | |
| -Investment Objective and Policy | 216 |
| -Investment Manager's Report | 216 |
| Fund Information | 219 |
| Portfolio Statement | 224 |
| Statement of Total Return | 225 |
| Statement of Change in Net Assets Attributable to Shareholders | 225 |
| Balance Sheet | 226 |
| Notes to the Financial Statements | 227 |
| Distribution Tables | 236 |

| | |
|---|-----|
| Securities Financing Transaction and Reuse (SFTR) | 237 |
|---|-----|

7IM OPPORTUNITY FUNDS

CONTENTS (continued)

General Information

238

7IM OPPORTUNITY FUNDS

AUTHORISED STATUS

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

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

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

The financial statements for the 7IM Opportunity Funds has been produced on a going concern basis.

REMUNERATION DISCLOSURES

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

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

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

All staff are employed by the ACD with none employed directly by the Company.

The total remuneration of those individuals who are fully or partly involved in the activities of the Company for the financial year ending 31 December 2022, is analysed below:

| | |
|-----------------------|-------------------|
| Fixed Remuneration | £3,255,548 |
| Variable Remuneration | £752,500 |
| Total | £4,008,048 |
| 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 | £782,500 |
| Staff whose actions may have a material impact on the funds | £2,064,083 |
| Other | £1,161,465 |
| Total | £4,008,048 |

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.

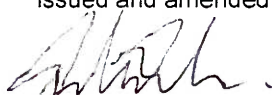
SUB-FUND CROSS-HOLDINGS

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

7IM OPPORTUNITY FUNDS

DIRECTOR'S STATEMENT

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



D. Walker

On behalf of Seven Investment Management LLP

ACD of 7IM Opportunity Funds

25 September 2023

7IM OPPORTUNITY FUNDS

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

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

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice, as issued by the Investment Management Association in May 2014 ('IMA 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;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

7IM OPPORTUNITY FUNDS

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE 7IM OPPORTUNITY FUNDS ("THE COMPANY") FOR THE YEAR ENDED 31 MAY 2023

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
25 September 2023

7IM OPPORTUNITY FUNDS

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

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the sub-funds as at 31 May 2023 and of the net revenue and the net capital gains or losses on the scheme property attributable to each of 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 relating to Authorised Funds issued by the Investment Association ("IA") in May 2014 (the "IMA SORP 2014") and amended in June 2017, and the Collective Investment Schemes Sourcebook ("the COLL Rules").

We have audited the financial statements of 7IM Opportunity Funds (the "Company") and its sub-funds for the year ended 31 May 2023 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the notes to the financial statements, including a summary of significant accounting policies, and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice, the COLL Rules and the Instrument of Incorporation.

Basis for opinion

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

Independence

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

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.

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 its sub-funds' 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 Directors with respect to going concern are described in the relevant sections of this report.

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 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the COLL Rules

In our opinion based on the work undertaken in the course of the audit the information given in the ACD's report for which the financial statements are prepared is consistent with the financial statements.

7IM OPPORTUNITY FUNDS

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

Matters on which we are required to report by exception

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

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

Responsibilities of Authorised Corporate Director (“ACD”)

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We considered the significant laws and regulations to the industry practice represented by 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 in the financial statements. Our tests included, but were not limited to:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management of ACD and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- review of minutes of board meetings throughout the period; and
- review of correspondence with The Regulator.

We assessed the susceptibility of the financial statements to material misstatements, including fraud and the risk of management override of internal controls. Our audit work focused on the valuation of investments, where the risk of material misstatement due to fraud is the most significant. In addition we:

- recalculated revenue on a sample basis; and
- obtained independent confirmation of bank balances.

7IM OPPORTUNITY FUNDS

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located 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 ("the COLL Rules") issued by the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Elizabeth Hooper

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Elizabeth Hooper (Senior Statutory Auditor)
BDO LLP, Statutory Auditor
London, United Kingdom
25 September 2023

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

7IM OPPORTUNITY FUNDS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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.

Due to recent events in Eastern Europe, increased volatility in the markets occurred throughout 2022. Whilst the sub-funds hold no direct investments in the Ukraine or Russian markets, there is a risk of an indirect exposure through collective investment schemes invested in by the sub-funds. An assessment performed by the ACD expects this exposure to be immaterial. The ACD in conjunction with the Crisis Management Team, is continuously monitoring the financial markets for any potential liquidity and volatility risks which may have an impact on the sub-funds.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

(b) Functional and Presentation Currency

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

(c) Recognition of revenue

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

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

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

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

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

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

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

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

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

(d) Treatment of stock and special dividends

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

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

(e) Treatment of expenses

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

7IM OPPORTUNITY FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

2. Summary of Significant Accounting Policies (continued)

(e) Treatment of expenses (continued)

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

(f) Capped expenses

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

Ongoing charges (including ACD periodic charge, other expenses and collective investment scheme costs) payable out of the property of the sub-funds, which exceed 1.70% of the Select Adventurous Sub-fund are met by the ACD.

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

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

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

(h) Taxation

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

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

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

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

(i) Distribution policy

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

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

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

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

(j) Basis of valuation of investments

All investments are valued at their fair value as at the closing valuation point on 31 May 2023, being the last business day of the financial year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

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

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

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

7IM OPPORTUNITY FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

2. Summary of Significant Accounting Policies (continued)

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

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

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

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

(k) *Exchange rates*

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at 12.00pm UK time of 31 May 2023, being the last business day of the financial period.

(l) *Dilution levy*

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

(m) *Stock lending*

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

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

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

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

(n) *Cash and cash equivalents*

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

3. Risk Management Policies

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

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

7IM OPPORTUNITY FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

3. Risk Management Policies (continued)

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

(a) Credit risk

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

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

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

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

(b) Liquidity risk

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

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

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

(c) Market risk

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

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

(d) Interest rate risk

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

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

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

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

7IM OPPORTUNITY FUNDS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

3. Risk Management Policies (continued)

(e) *Foreign currency risk*

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

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

(f) *Other price risk*

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

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

(g) *Derivatives*

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

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

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

7IM REAL RETURN FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of 7IM Real Return Fund ('the Sub-fund') is to seek growth in real terms over the medium to longer term. The Sub-fund will aim to provide a total return, net of fees, that exceeds UK inflation (as measured by Consumer Prices Index-All Items) by 2% on average over a rolling three year horizon. Capital invested in the Sub-fund is at risk and there is no guarantee that a positive return will be delivered over any one or a number of rolling three year periods. There may be a moderate risk to capital.

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

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

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

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 0.60%¹.

Comparator Benchmark

While the Sub-fund was marginally positive in absolute terms, it significantly underperformed CPI+2% over the last year. This is mostly due to the huge jump in short term UK inflation rather than any large detractors within the Sub-fund. While the Sub-fund aims to beat CPI over the long term (which should average around 2% which is the central bank target), it is not very correlated to CPI (which is not directly investable) and so we expect to see large divergences from year to year. The alternatives part of the portfolio added to return, with the best performer a Commodity Carry strategy. The yield part of the portfolio did detract however partly due to an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse. The 1 year, 3 year and 5 year relative performance to the benchmark was (9.31%), (21.96%), (31.30%) respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

¹ Calculated using 7IM Real Return Fund C Acc, published prices. Source: NTRS.

71M REAL RETURN FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

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

We saw varied but largely positive performance across the alternative risk premia basket in the second half of 2022.

Medium-term trend-following outperformed in H2 2022 as H1 trends continued (declining equity and fixed income markets, rising inflation etc), although it gave back a little at the end of the year.

A far shorter-term and defensive trend implementation, intraday trend, started H2 2022 flat but climbed toward the end of the year. More recently, we included an identical implementation on the Nasdaq Index (as opposed to the S&P) which increases the diversification of the strategy.

Commodities – particularly energy commodities – have fallen from their H1 highs contributing to Commodity Carry strategy outperformance.

From an equity point of view, Brook Absolute Return and Fulcrum Equity Dispersion both benefited from the elevated volatility and sector rotation seen in H2 2022. Fulcrum explicitly benefited from said volatility capitalising on single stock volatility opportunities versus the index. Brook, a long-short value orientated fund, monetised outperformance being long energy/commodity companies and short overvalued technology (usually US based).

After a difficult year and dollar strength, FX value – a strategy that monetises currency mean reversion – exhibited strong performance late in the second half including the recent BOJ decision to increase the tolerance on the yield curve control that sparked Yen strength versus the dollar. In a normalisation environment, we expect this strategy to deliver strong returns as currencies revert.

7IM REAL RETURN FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

In H2, the specialist credit held in the Real Return Fund delivered reasonable performance, given a challenging year for all fixed income markets. The yields on offer remain highly attractive. In H2, we removed exposure to asset backed credit following outperformance and a diminishing investment case.

The real asset basket struggled over the second half of 2022 but was generally resilient to the inflationary shock seen in 2022. As such, it remains an important sticky inflationary hedge in the portfolio.

H1 2023 the alternative risk premia basket is matching global bond market performance albeit with lower volatility.

Our medium-term trend strategy started 2023 short equity and short rates. The strategy suffered in March when the SVB collapse rippled through markets nervous about contagion and a systemic banking crisis. Short term rates plummeted on the expectation the Fed would step in and loosen a historic monetary tightening policy not seen in decades.

The strategy has since regained some of the underperformance.

Commodity curve carry remains the strongest performing strategy within the alternative risk premia basket in 2023 so far. Energy commodities have continued to normalise with spot falling from the highs of last year which benefits the strategy.

Merger arbitrage is flat since the start of 2023 largely affected by a weaker macro environment impacting deal activity appetite. Whilst mergers positions closed within the period and positively contributed to performance, macro uncertainty has led to merger spreads widening on live positions. This detracts from mark to market performance but should revert following deal closure.

Our intraday trend implementation is flat to up for the year. This strategy has historically been very defensive during market drawdowns, including in 2022, and has exhibited a positive carry over the past 6 months. The decision to diversify with the Nasdaq 100 index has proven to be beneficial as it is the better performing of the two strategies this year.

Index arbitrage is up year to date continuing the better performance seen at the end of 2022. Although the strategy has, at times, been overcrowded, fund performance would suggest less so this year with the index arbitrage bucket the larger contributor to performance (opposed to relative value). Last years overcrowding is a reminder that this strategy falls in and out of fashion but can deliver strong risk adjusted returns for long term investors.

Equity dispersion benefits from divergence in performance between individual equities and the broader index of which they are apart, a prevalent theme this year. Almost all the performance of the S&P 500 this year can be attributed to a few stocks and therefore the strategy has performed well especially during earnings season. With the uncertainty surrounding markets - inflation, labour, and the effects of monetary policy tightening – this strategy is well positioned to provide protection when needed the most.

Continuing its trend from last year, FX value has continued to deliver strong performance as the dollar has retracted from highs. At this point in time, the strategy is providing a right tail hedge but can exhibit defensive features in market drawdowns.

Alternative yield assets have struggled this year with exposure to bank debt and infrastructure assets. Bank debt suffered following the takeover of Credit Suisse in which subordinated debt holders lost out. Nevertheless, bank debt remains attractive with banks being historically well funded and their subordinated debt offering a high rate of interest.

The infrastructure assets held in the Real Return Fund are trading at historically large discounts to net asset value (NAV). Performance this year has been negative mostly due to rising rates.

Finally, the long Berkshire Hathaway short S&P 500 has given back some gains in 2023 as the S&P has performed very well. We prefer the value orientated exposure to equities in a market neutral implementation.

7IM REAL RETURN FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM REAL RETURN FUND

FUND INFORMATION

The Comparative Tables on pages 21 to 23 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM REAL RETURN FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 156.76 | 161.67 | 149.55 |
| Return before operating charges* | 2.33 | (3.31) | 13.67 |
| Operating charges (calculated on average price) | (1.46) | (1.60) | (1.55) |
| Return after operating charges* | 0.87 | (4.91) | 12.12 |
| Distributions | (2.20) | (1.70) | (1.73) |
| Retained distributions on accumulation shares | 2.20 | 1.70 | 1.73 |
| Closing net asset value per share | 157.63 | 156.76 | 161.67 |
| * After direct transaction costs of: ¹ | 0.01 | 0.03 | 0.01 |

Performance

| | | | |
|-----------------------------------|-------|---------|-------|
| Return after charges ² | 0.55% | (3.04)% | 8.10% |
|-----------------------------------|-------|---------|-------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 71,327 | 76,244 | 67,182 |
| Closing number of shares | 45,250,553 | 48,637,309 | 41,555,739 |
| Operating charges ³ | 0.94% | 1.00% | 0.99% |
| Direct transaction costs | 0.01% | 0.02% | 0.01% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 160.36 | 162.27 | 161.64 |
| Lowest share price | 149.27 | 155.96 | 150.20 |

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 24.

7IM REAL RETURN FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class D Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 164.90 | 169.59 | 156.44 |
| Return before operating charges* | 2.35 | (3.60) | 14.20 |
| Operating charges (calculated on average price) | (0.97) | (1.09) | (1.05) |
| Return after operating charges* | 1.38 | (4.69) | 13.15 |
| Distributions | (2.78) | (2.24) | (2.27) |
| Retained distributions on accumulation shares | 2.78 | 2.24 | 2.27 |
| Closing net asset value per share | 166.28 | 164.90 | 169.59 |
| * After direct transaction costs of: ¹ | 0.01 | 0.03 | 0.01 |

Performance

| | | | |
|-----------------------------------|-------|---------|-------|
| Return after charges ² | 0.84% | (2.77)% | 8.41% |
|-----------------------------------|-------|---------|-------|

Other Information

| | | | |
|---------------------------------|--------|---------|---------|
| Closing net asset value (£'000) | 160 | 262 | 349 |
| Closing number of shares | 96,080 | 158,833 | 205,561 |
| Operating charges ³ | 0.59% | 0.65% | 0.64% |
| Direct transaction costs | 0.01% | 0.02% | 0.01% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 169.06 | 170.23 | 169.54 |
| Lowest share price | 157.17 | 163.95 | 157.12 |

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 24.

7IM REAL RETURN FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 132.09 | 136.11 | 125.82 |
| Return before operating charges* | 1.94 | (2.81) | 11.46 |
| Operating charges (calculated on average price) | (1.10) | (1.21) | (1.17) |
| Return after operating charges* | 0.84 | (4.02) | 10.29 |
| Distributions | (1.96) | (1.53) | (1.56) |
| Retained distributions on accumulation shares | 1.96 | 1.53 | 1.56 |
| Closing net asset value per share | 132.93 | 132.09 | 136.11 |
| * After direct transaction costs of: ¹ | 0.01 | 0.03 | 0.01 |

Performance

| | | | |
|-----------------------------------|-------|---------|-------|
| Return after charges ² | 0.64% | (2.95)% | 8.18% |
|-----------------------------------|-------|---------|-------|

Other Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 6,320 | 6,355 | 6,907 |
| Closing number of shares | 4,754,397 | 4,811,405 | 5,074,571 |
| Operating charges ³ | 0.84% | 0.90% | 0.89% |
| Direct transaction costs | 0.01% | 0.02% | 0.01% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 135.21 | 136.63 | 136.09 |
| Lowest share price | 125.81 | 131.39 | 126.36 |

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 24.

7IM REAL RETURN FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

| | Class C | Class D | Class S |
|------------------------------------|----------------|----------------|----------------|
| ACD's periodic charge | 0.60% | 0.25% | 0.50% |
| Other expenses | 0.00% | 0.00% | 0.00% |
| | <hr/> | <hr/> | <hr/> |
| Collective investment scheme costs | 0.60% | 0.25% | 0.50% |
| Ongoing Charges Figure | 0.34% | 0.34% | 0.34% |
| | <hr/> | <hr/> | <hr/> |
| | 0.94% | 0.59% | 0.84% |

As at 31 May 2022

| | Class C | Class D | Class S |
|------------------------------------|----------------|----------------|----------------|
| ACD's periodic charge | 0.60% | 0.25% | 0.50% |
| Other expenses | 0.00% | 0.00% | 0.00% |
| | <hr/> | <hr/> | <hr/> |
| Collective investment scheme costs | 0.60% | 0.25% | 0.50% |
| Ongoing Charges Figure | 0.40% | 0.40% | 0.40% |
| | <hr/> | <hr/> | <hr/> |
| | 1.00% | 0.65% | 0.90% |

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM REAL RETURN FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was three.

Fund performance to 31 May 2023 (%)

| | 1 year | 3 years | 5 years |
|-----------------------------------|--------|---------|---------|
| 7IM Real Return Fund ¹ | 0.60 | 5.36 | 4.53 |

¹ Source: Bloomberg.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 40 and 41.

7IM REAL RETURN FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| | | Value | 31.05.23 |
|------------------|--|-------------------|--------------|
| Holding | Portfolio of Investment | £ | % |
| | ALTERNATIVES 28.49% (25.72%)¹ | | |
| | Alternative Strategies 21.61% (20.29%)¹ | | |
| 4,675,000 | BNP Paribas Issuance 0.00% 2024 ² | 5,100,000 | 6.55 |
| 5,910,000 | JP Morgan Structured Products 0.00% 2024 ² | 4,738,898 | 6.09 |
| 4,232,000 | SG Defensive Short Term Equity Strategy 0.00% 2023 ² | 3,468,022 | 4.46 |
| 4,235,000 | SG Issuer 0.00% 2025 ² | 3,505,761 | 4.51 |
| | | 16,812,681 | 21.61 |
| | Infrastructure 6.88% (5.43%)¹ | | |
| 759,294 | Greencoat UK Winds | 1,123,755 | 1.44 |
| 719,086 | HICL Infrastructure | 1,036,922 | 1.33 |
| 777,493 | International Public Partnerships | 1,077,605 | 1.39 |
| 884,693 | Renewables Infrastructure | 1,059,862 | 1.36 |
| 1,316,567 | Sequoia Economic Infrastructure Income | 1,055,887 | 1.36 |
| | | 5,354,031 | 6.88 |
| | DEBT SECURITIES 0.00% (6.50%)¹ | | |
| | Global Inflation Linked Bonds 0.00% (6.50%)¹ | | |
| | EQUITY 6.19% (0.00%)¹ | | |
| | North America 6.19% (0.00%)¹ | | |
| 18,477 | Berkshire Hathaway | 4,815,168 | 6.19 |
| | FUTURES CONTRACTS -0.44% (0.15%)¹ | | |
| | United States -0.44% (0.15%)¹ | | |
| (28) | S&P 500 E-mini CME Futures September 2023 | (340,262) | (0.44) |
| | FORWARD CURRENCY CONTRACTS 0.51% (-4.23%)¹ | | |
| €330,000 | Vs £(292,908) Expiry 20.10.2023 | (6,213) | (0.01) |
| US\$(57,852,000) | Vs £47,370,166 Expiry 14.07.2023 | 623,183 | 0.80 |
| ¥789,500,000 | Vs £(4,697,490) Expiry 17.11.2023 | (20,211) | (0.03) |
| US\$18,300,000 | Vs £(14,984,340) Expiry 14.07.2023 | (197,128) | (0.25) |
| | | 399,631 | 0.51 |
| | COLLECTIVE INVESTMENT SCHEMES 54.33% (66.05%)¹ | | |
| | Guernsey 1.65% (1.88%)¹ | | |
| 1,602,318 | Axiom European Financial Debt | 1,281,854 | 1.65 |
| | Ireland 5.92% (21.02%)¹ | | |
| 30,146 | Source Physical Gold P-ETC | 4,607,725 | 5.92 |
| | Jersey 1.47% (1.10%)¹ | | |
| 361,546 | 3i Infrastructure | 1,140,678 | 1.47 |
| | Luxembourg 30.77% (30.31%)¹ | | |
| 64,812 | AQR Managed Futures UCITS Fund 'G' | 6,179,297 | 7.94 |
| 53,885 | BlackRock Strategic Funds - Global Event Driven Fund | 6,118,651 | 7.86 |
| 52,122 | BlueBay Financial Capital Bond | 4,804,126 | 6.17 |

7IM REAL RETURN FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2023

| | | Value | 31.05.23 |
|-----------|--|-------------------|---------------|
| Holding | Portfolio of Investment | £ | % |
| | COLLECTIVE INVESTMENT SCHEMES 54.33% (66.05%)¹ (continued) | | |
| | Luxembourg 30.77% (30.31%)¹ (continued) | | |
| 54,946 | Fulcrum Equity Dispersion Fund | 6,843,002 | 8.80 |
| | | 23,945,076 | 30.77 |
| | United Kingdom 14.52% (11.74%)¹ | | |
| 929,484 | LF Brook Absolute Return Fund Sterling | 4,628,735 | 5.95 |
| 6,634,474 | MI TwentyFour - Monument Bond Fund | 6,663,977 | 8.57 |
| | | 11,292,712 | 14.52 |
| | Portfolio of investment | 69,309,294 | 89.08 |
| | Net other assets ³ | 8,497,328 | 10.92 |
| | Net assets | 77,806,622 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Structured product.

³ Includes shares in the Northern Trust Global Sterling Fund to the value of £4,000,000 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

| | 31.05.23 | 31.05.22 |
|----------------------------------|---------------|---------------|
| Credit Quality | % | % |
| Investment grade debt securities | – | 6.50 |
| Non-rated debt securities | 21.61 | 20.29 |
| Other investments | 67.47 | 67.40 |
| Net other assets | 10.92 | 5.81 |
| | 100.00 | 100.00 |

7IM REAL RETURN FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|-----------|---------------|-----------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (650,545) | | (3,678,901) |
| Revenue | 5 | 1,772,020 | | 1,695,330 | |
| Expenses | 6 | (474,485) | | (543,070) | |
| Interest payable and similar charges | 8 | (3,299) | | (529) | |
| Net revenue before taxation for the year | | 1,294,236 | | 1,151,731 | |
| Taxation | 7 | (179,230) | | (172,906) | |
| Net revenue after taxation for the year | | | 1,115,006 | | 978,825 |
| Total return before distributions | | | 464,461 | | (2,700,076) |
| Distributions | 8 | | (1,116,976) | | (986,741) |
| Change in net assets attributable to shareholders from investment activities | | | (652,515) | | (3,686,817) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|--------------|---------------|--------------|---------------|
| Opening net assets attributable to shareholders | | 82,860,727 | | 74,437,715 |
| Amounts received on creation of shares ¹ | 27,046,958 | | 51,010,452 | |
| Amounts receivable on in-specie transactions | – | | 28,261,610 | |
| Amounts paid on cancellation of shares ¹ | (32,547,355) | | (39,871,539) | |
| Amounts payable on in-specie transactions | – | | (28,261,610) | |
| | | (5,500,397) | | 11,138,913 |
| Change in net assets attributable to shareholders from investment activities | | (652,515) | | (3,686,817) |
| Retained distribution on accumulation shares | | 1,098,807 | | 970,916 |
| Closing net assets attributable to shareholders | | 77,806,622 | | 82,860,727 |

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

The notes on pages 30 to 39 are an integral part of these financial statements.

7IM REAL RETURN FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|--------------------|--------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 69,873,108 | 81,763,177 |
| Current assets: | | | |
| Debtors | 9 | 539,764 | 1,873,719 |
| Cash and bank balances | 10 | 4,551,061 | 4,796,144 |
| Cash equivalents | 10 | 4,000,000 | – |
| Total assets | | 78,963,933 | 88,433,040 |
| LIABILITIES | | | |
| Investment liabilities | | (563,814) | (3,719,115) |
| Creditors: | | | |
| Bank overdrafts | 10 | (23,352) | (1,286,786) |
| Other creditors | 11 | (570,145) | (566,412) |
| Total liabilities | | (1,157,311) | (5,572,313) |
| Net assets attributable to shareholders | | 77,806,622 | 82,860,727 |

The notes on pages 30 to 39 are an integral part of these financial statements.

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|------------------|--------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | 1,203,852 | 166,469 |
| Derivative contracts | 764,667 | 1,367,791 |
| Forward currency contracts | (2,568,811) | (4,970,532) |
| Currency losses | (59,982) | (282,334) |
| AMC rebates from underlying investments | 9,729 | 39,705 |
| Net capital losses | <u>(650,545)</u> | <u>(3,678,901)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|------------------|------------------|
| | £ | £ |
| Non-taxable dividends | 410,227 | 321,530 |
| Taxable dividends | 1,181,125 | 1,003,263 |
| Unfranked interest | 82,502 | 367,857 |
| AMC rebates from underlying investments | 21,196 | 859 |
| Bank interest | 76,904 | 1,211 |
| Stock lending revenue ¹ | 66 | 610 |
| Total revenue | <u>1,772,020</u> | <u>1,695,330</u> |

¹ Stock lending revenue is disclosed net of the security agent's share of income. On 25 May 2022, the ACD approved the decision to suspend the Sub-fund's ability to stock lend.

6 Expenses

| | 31.05.23 | 31.05.22 |
|---|----------------|----------------|
| | £ | £ |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | <u>474,485</u> | <u>543,070</u> |
| Total expenses | <u>474,485</u> | <u>543,070</u> |

Please refer to note 2(e) Treatment of expenses on page 11 for further details.

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| <i>a) Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 179,230 | 172,959 |
| Prior year adjustment | – | (53) |
| | <hr/> | <hr/> |
| Current tax charge (note 7b) | 179,230 | 172,906 |
| | <hr/> | <hr/> |
| Total taxation | 179,230 | 172,906 |

b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2022: 20%) for the reasons explained below.

| | | |
|------------------------------|-----------|-----------|
| Net revenue before taxation | 1,294,236 | 1,151,731 |
| Corporation tax at 20% | 258,847 | 230,346 |
| Effects of: | | |
| AMC rebates taken to capital | 1,946 | 7,941 |
| Non-taxable dividends | (81,563) | (61,156) |
| Prior year adjustment | – | (53) |
| Tax on stock dividends | – | (4,172) |
| | <hr/> | <hr/> |
| Total tax charge (note 7a) | 179,230 | 172,906 |

c) Deferred tax

There is no deferred tax provision in the current year (2022: none).

At the year end, there is no potential deferred tax asset (2022: none).

8 Distributions

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

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| Interim | 890,254 | 648,370 |
| Final | 208,553 | 322,546 |
| | <hr/> | <hr/> |
| | 1,098,807 | 970,916 |
| Add: Revenue deducted on cancellation of shares | 76,517 | 39,640 |
| Deduct: Revenue received on issue of shares | (58,348) | (23,815) |
| | <hr/> | <hr/> |
| Net distributions for the year | 1,116,976 | 986,741 |
| Interest payable and similar charges | 3,299 | 529 |
| | <hr/> | <hr/> |
| Total distribution | 1,120,275 | 987,270 |

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 40 and 41.

| | 31.05.23 | 31.05.22 |
|--|------------------|-----------------|
| | £ | £ |
| Distributions represented by: | | |
| Net revenue after taxation | 1,115,006 | 978,825 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ¹ | 1,946 | 7,941 |
| Net movement in revenue account | 24 | (25) |
| Net distributions for the year | <u>1,116,976</u> | <u>986,741</u> |

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

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|------------------|
| | £ | £ |
| Amounts receivable for issue of shares | 265,943 | 268,166 |
| Sales awaiting settlement | – | 1,456,051 |
| Accrued revenue | 261,898 | 116,192 |
| AMC rebates from underlying investments | 11,923 | 33,310 |
| Total debtors | <u>539,764</u> | <u>1,873,719</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|------------------|--------------------|
| | £ | £ |
| Cash and bank balances | 3,903,665 | 3,692,607 |
| Cash held at clearing houses | 647,396 | 1,103,537 |
| Cash equivalents | 4,000,000 | – |
| Total cash and bank balances | <u>8,551,061</u> | <u>4,796,144</u> |
| Bank overdrafts | (21,558) | (162,546) |
| Cash overdraft at clearing houses | (1,794) | (1,124,240) |
| Total bank overdrafts | <u>(23,352)</u> | <u>(1,286,786)</u> |

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|-----------------|-----------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 268,760 | 370,325 |
| Purchases awaiting settlement | 188,281 | 59,580 |
| Accrued expenses | 38,874 | 43,069 |
| Corporation tax payable | 74,230 | 87,959 |
| Currency deals awaiting settlement | – | 5,479 |
| Total other creditors | <u>570,145</u> | <u>566,412</u> |

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

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 £38,874 (2022: £43,069).

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 28. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £265,943 (2022: £268,166) and £268,760 (2022: £370,325), 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 51.80% (2022: 54.99%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£5,399,876) (2022: £13,392,458). 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 three share classes: 'C', 'D' and 'S'. The annual management charge on each class are as follows:

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

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Accumulation | 48,637,309 | 17,179,793 | (20,566,549) | – | 45,250,553 |
| Class D Accumulation | 158,833 | 1,799 | (64,552) | – | 96,080 |
| Class S Accumulation | 4,811,405 | 284,920 | (341,928) | – | 4,754,397 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

15 Risks Disclosures

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

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 2023

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

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

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | 2,588 | – | 282,091 | 284,679 |
| Japanese yen | – | – | 4,941,999 | 4,941,999 |
| Swiss franc | 15,954 | – | – | 15,954 |
| US dollar | 1,141,549 | 22,200,059 | 24,935,964 | 48,277,572 |
| Pound sterling | 3,636,053 | – | 87,392,177 | 91,028,230 |
| | 4,796,144 | 22,200,059 | 117,552,231 | 144,548,434 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|---------------------|
| Euro | (2,588) | – | – | (2,588) |
| Swiss franc | (15,954) | – | – | (15,954) |
| US dollar | (38,013) | – | (50,351,265) | (50,389,278) |
| Pound sterling | (1,230,231) | – | (10,049,656) | (11,279,887) |
| | (1,286,786) | – | (60,400,921) | (61,687,707) |

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

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

| Currency | Fixed Rate Financial Assets | | | |
|-----------|--------------------------------|----------|---|----------|
| | Weighted average interest rate | | Weighted average period for which rate is fixed | |
| | 31.05.23 | 31.05.22 | 31.05.23 | 31.05.22 |
| | % | % | Years | Years |
| US dollar | (7.87) | 2.19 | 1.33 | 7.49 |

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 2023, the average effective duration was 0.30 years (31 May 2022: 1.89 years).

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

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

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|-------------|
| Euro | – | 282,091 | 282,091 |
| Japanese yen | – | 4,941,999 | 4,941,999 |
| US dollar | 1,103,536 | (3,215,242) | (2,111,706) |
| | 1,103,536 | 2,008,848 | 3,112,384 |
| Pound sterling | 3,713,129 | 76,035,214 | 79,748,343 |
| Net assets | 4,816,665 | 78,044,062 | 82,860,727 |

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 90%, 136% and 107% respectively (31 May 2022: 67%, 167% and 80% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 | 31.05.22 |
|---------------------------------------|-----------------|--------------------|
| | £ | £ |
| Futures Contracts | | |
| Chicago Board of Trade | (340,262) | 127,778 |
| Forward Currency Contracts | | |
| Northern Trust | 399,631 | (3,503,025) |
| Total net exposure¹ | <u>59,369</u> | <u>(3,375,247)</u> |

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

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 2023 | | | | |
| Assets | | | | |
| Bonds | – | 16,812,681 | – | 16,812,681 |
| Collective Investment Schemes | 7,030,257 | 35,237,788 | – | 42,268,045 |
| Derivatives | – | 623,183 | – | 623,183 |
| Equities | 10,169,199 | – | – | 10,169,199 |
| Total | 17,199,456 | 52,673,652 | – | 69,873,108 |
| Liabilities | | | | |
| Derivatives | (340,262) | (223,552) | – | (563,814) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Bonds | 5,383,272 | 16,816,787 | – | 22,200,059 |
| Collective Investment Schemes | 12,117,219 | 42,602,653 | – | 54,719,872 |
| Derivatives | 127,778 | 216,090 | – | 343,868 |
| Equities | 4,499,378 | – | – | 4,499,378 |
| Total | 22,127,647 | 59,635,530 | – | 81,763,177 |
| Liabilities | | | | |
| Derivatives | – | (3,719,115) | – | (3,719,115) |

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 20.

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 | 3,492 | – | – | – | – | – |
| Collective Investment Schemes | 6,574 | – | – | – | – | – |
| Equities | 6,610 | 3 | 3 | 6 | 0.05 | 0.05 |
| Total | 16,676 | 3 | 3 | 6 | 0.05 | 0.05 |
| Sales | | | | | | |
| Bonds | 11,090 | – | – | – | – | – |
| Collective Investment Schemes | 16,313 | – | – | – | – | – |
| Equities | 829 | – | – | – | – | – |
| Total | 28,232 | – | – | – | – | – |
| 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 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 27,475 | – | – | – | – | – |
| Collective Investment Schemes | 44,698 | – | – | – | – | – |
| Equities | 7,744 | 4 | 9 | 13 | 0.05 | 0.12 |
| Total | 79,917 | 4 | 9 | 13 | 0.05 | 0.12 |
| Sales | | | | | | |
| Bonds | 25,326 | – | – | – | – | – |
| Collective Investment Schemes | 41,135 | – | – | – | – | – |
| Equities | 4,339 | (4) | – | (4) | (0.09) | – |
| Total | 70,800 | (4) | – | (4) | (0.09) | – |
| Total as a percentage of the average NAV | | 0.01% | 0.01% | 0.02% | | |

7IM REAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.27% (2022: 0.06%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 157.76p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 157.12p. This represents a decrease of 0.41% from the year end value.

7IM REAL RETURN FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 1.7790 | – | 1.7790 | 1.0903 |
| Group 2 | 1.2721 | 0.5069 | 1.7790 | 1.0903 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class D Accumulation | | | | |
| Group 1 | 2.1007 | – | 2.1007 | 1.3698 |
| Group 2 | 2.1007 | – | 2.1007 | 1.3698 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class S Accumulation | | | | |
| Group 1 | 1.5515 | – | 1.5515 | 0.9651 |
| Group 2 | 1.1171 | 0.4344 | 1.5515 | 0.9651 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.4169 | – | 0.4169 | 0.6047 |
| Group 2 | 0.2954 | 0.1215 | 0.4169 | 0.6047 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class D Accumulation | | | | |
| Group 1 | 0.6746 | – | 0.6746 | 0.8697 |
| Group 2 | 0.4290 | 0.2456 | 0.6746 | 0.8697 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.4050 | – | 0.4050 | 0.5623 |
| Group 2 | 0.3879 | 0.0171 | 0.4050 | 0.5623 |

7IM REAL RETURN FUND

DISTRIBUTION TABLES (continued) for the year ended 31 May 2023

Equalisation

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

7IM SELECT MODERATELY CAUTIOUS FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

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

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed-ended funds and exchange traded funds (ETFs), other transferable securities such as government and corporate bonds, warrants, structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

Up to 20% of the Sub-fund will usually be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above. The Sub-fund's underlying investments will be more focused on income generating assets including government and corporate bonds but there will also be an allocation to growth generating assets such as global equities.

The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes. In extraordinary market conditions, it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of (3.04)%¹.

Comparator Benchmark

The Sub-fund was flat against its IA sector performance comparator benchmark (ARC Cautious PCI) over the last year. Positive contributions came from diversifying away from UK bonds into global bonds and alternatives. UK bonds suffered materially due to stickier inflation leading to rate increases, higher maturities, and fiscal issues. The Sub-fund also benefitted from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The main detractor was an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse. The 1 year and 3 year relative performance to the benchmark was (0.16%), (1.61%) respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

¹ Calculated using 7IM Select Moderately Cautious Fund C Acc shares, published prices. Source: NTRS.

7IM SELECT MODERATELY CAUTIOUS FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

In June 2022, we moved duration to neutral from underweight. Given much more attractive yields on bonds, we viewed this as a good time to increase our exposure. In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

Going into August 2022, our worldview was turning more negative. Our belief was that economic data was likely to weaken and equity markets would respond by moving sideways with some volatility. In order to position portfolios for this market outcome, we moved our portfolios underweight equity relative to our SAA.

During September 2022, we further reduced the headline equity beta of our portfolios to an even more underweight position relative to our SAA. This was in line with our core view that a global manufacturing downturn is unavoidable and economic fundamentals are set to decline.

7IM SELECT MODERATELY CAUTIOUS FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

During September 2022, we also removed the remaining part of our value tilt. This position was in place to benefit from a cyclical upturn, something we no longer believe will happen soon. This position went into a combination of cash and our Berkshire Hathaway allocation which is better placed to benefit from the economic conditions we see going forward.

During October 2022, we unwound our tactical emerging market overweight. Our original case for the emerging market overweight was that the global economy would rebound after COVID-19. This has happened and it now looks as though the global economy is heading for/already in recession mode.

In October 2022, we also removed our RMBS position. The original bull case for the position has played out and we took profits on the position. The US housing market stayed strong and mortgage prepayments meant the trade performed well. With employment potentially less certain than it has been and changing forces in housing markets, we do not think the trade is as attractive as it was.

In December 2022, we further reduced our headline equity beta. Our base case view of the world for 2023 was that a recession was more likely than not. In this environment, we would not expect equities to perform well.

In December 2022, we also increased our headline bond exposure. Since the start of 2022, treasury yields had risen significantly. This means they have a much more attractive base return before any price movement. On top of this, we believe that rate hikes are already priced in.

In January 2023, we introduced a metals and mining trade. We have a lot of conviction in this trade as a long-term theme. The amount of metal needed to get to net zero is vast, and the nature of mining means that supply cannot increase in line with this. Mining companies are likely to benefit. Furthermore, the companies are cheap and produce very healthy dividends.

During March 2023, we began reducing AT1 bonds to their new target weight. The asset class has struggled on account of the stress in the European Banking sector. We believe that it is prudent risk management to downsize the positions and have been carefully reducing the allocation in tranches.

In April 2023, we trimmed our put selling position. The position had performed well versus the S&P - the allocation it is funded from - and a general fall in volatility means that the base level of returns from the strategy that are available are lower.

During May 2023, we split our intraday trend strategy such that it now uses both the S&P and Nasdaq 100 index. This further diversifies our alternatives basket.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION

The Comparative Tables on pages 46 to 49 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 99.81 | 106.91 | 97.86 |
| Return before operating charges* | (1.78) | (4.50) | 11.03 |
| Operating charges (calculated on average price) | (1.23) | (1.38) | (1.37) |
| Return after operating charges* | (3.01) | (5.88) | 9.66 |
| Distributions on income shares | (1.59) | (1.22) | (0.61) |
| Closing net asset value per share | 95.21 | 99.81 | 106.91 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|-------|
| Return after charges ² | (3.02)% | (5.50)% | 9.87% |
|-----------------------------------|---------|---------|-------|

Other Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 3,543 | 4,282 | 4,879 |
| Closing number of shares | 3,721,316 | 4,290,772 | 4,563,407 |
| Operating charges ³ | 1.27% | 1.31% | 1.33% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 100.00 | 108.48 | 107.23 |
| Lowest share price | 92.70 | 98.34 | 97.85 |

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 50.

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 102.11 | 108.13 | 98.40 |
| Return before operating charges* | (1.83) | (4.62) | 11.11 |
| Operating charges (calculated on average price) | (1.26) | (1.40) | (1.38) |
| Return after operating charges* | (3.09) | (6.02) | 9.73 |
| Distributions | (1.62) | (1.23) | (0.62) |
| Retained distributions on accumulation shares | 1.62 | 1.23 | 0.62 |
| Closing net asset value per share | 99.02 | 102.11 | 108.13 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|-------|
| Return after charges ² | (3.03)% | (5.57)% | 9.89% |
|-----------------------------------|---------|---------|-------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 32,773 | 37,737 | 36,047 |
| Closing number of shares | 33,095,793 | 36,956,154 | 33,336,952 |
| Operating charges ³ | 1.27% | 1.31% | 1.33% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 103.48 | 109.72 | 108.35 |
| Lowest share price | 94.85 | 100.49 | 98.37 |

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 50.

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 100.82 | 107.30 | 98.05 |
| Return before operating charges* | (1.88) | (3.86) | 11.19 |
| Operating charges (calculated on average price) | (1.00) | (1.12) | (1.11) |
| Return after operating charges* | (2.88) | (4.98) | 10.08 |
| Distributions on income shares | (1.74) | (1.50) | (0.83) |
| Closing net asset value per share | 96.20 | 100.82 | 107.30 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|--------|
| Return after charges ² | (2.86)% | (4.64)% | 10.28% |
|-----------------------------------|---------|---------|--------|

Other Information

| | | | |
|---------------------------------|-------|-------|-------|
| Closing net asset value (£'000) | – | – | – |
| Closing number of shares | 108 | 108 | 108 |
| Operating charges ³ | 1.02% | 1.06% | 1.08% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 101.28 | 109.20 | 107.70 |
| Lowest share price | 93.78 | 99.33 | 98.00 |

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 50.

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 102.83 | 108.62 | 98.61 |
| Return before operating charges* | (1.89) | (4.65) | 11.14 |
| Operating charges (calculated on average price) | (1.02) | (1.14) | (1.13) |
| Return after operating charges* | (2.91) | (5.79) | 10.01 |
| Distributions | (1.65) | (1.28) | (0.61) |
| Retained distributions on accumulation shares | 1.65 | 1.28 | 0.61 |
| Closing net asset value per share | 99.92 | 102.83 | 108.62 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|--------|
| Return after charges ² | (2.83)% | (5.33)% | 10.15% |
|-----------------------------------|---------|---------|--------|

Other Information

| | | | |
|---------------------------------|------------|-----------|-----------|
| Closing net asset value (£'000) | 13,605 | 4,008 | 4,517 |
| Closing number of shares | 13,616,151 | 3,897,688 | 4,158,139 |
| Operating charges ³ | 1.02% | 1.06% | 1.08% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 104.35 | 110.29 | 108.83 |
| Lowest share price | 95.58 | 101.18 | 98.58 |

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 50.

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

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

As at 31 May 2022

| | Class C | Class S |
|------------------------------------|----------------|----------------|
| ACD's periodic charge | 0.75% | 0.50% |
| Other expenses | 0.15% | 0.15% |
| | <hr/> | <hr/> |
| | 0.90% | 0.65% |
| Collective investment scheme costs | 0.41% | 0.41% |
| Ongoing Charges Figure | <hr/> | <hr/> |
| | 1.31% | 1.06% |

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM SELECT MODERATELY CAUTIOUS FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was four.

Fund performance to 31 May 2023 (%)

| | 1 year | 3 years | Since Launch |
|---|--------|---------|--------------|
| 7IM Select Moderately Cautious Fund ^{1, 2} | (3.04) | 0.66 | (0.99) |

¹ Source: Bloomberg.

² The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 67 and 68.

7IM SELECT MODERATELY CAUTIOUS FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| Holding | Portfolio of Investment | Value | 31.05.23 |
|------------------|--|------------------|--------------|
| | | £ | % |
| | ALTERNATIVES 6.42% (6.69%)¹ | | |
| | Alternative Strategies 6.42% (6.69%)¹ | | |
| 1,410,000 | JP Morgan Structured Products 0.0% 10/09/2024 ² | 1,196,060 | 2.40 |
| 1,148,000 | SG Defensive Short Term Equity Strategy 0.00% 2023 ² | 940,758 | 1.88 |
| 11,480 | UBS AG London 2027 | 1,066,106 | 2.14 |
| | | 3,202,924 | 6.42 |
| | EQUITY 5.24% (5.53%)¹ | | |
| | North America 2.03% (2.36%)¹ | | |
| 3,887 | Berkshire Hathaway | 1,012,965 | 2.03 |
| | United Kingdom 3.21% (3.17%)¹ | | |
| 2,135 | Goldman Sachs International 2024 | 1,600,972 | 3.21 |
| | FUTURES CONTRACTS 0.10% (0.00%)¹ | | |
| | Germany 0.03% (0.00%)¹ | | |
| 8 | MSCI EUX Eurobund Futures June 2023 | 13,152 | 0.03 |
| | United Kingdom 0.02% (0.00%)¹ | | |
| 7 | Long Gilt ICF Futures September 2023 | 11,900 | 0.02 |
| | United States 0.05% (0.00%)¹ | | |
| 21 | US 10-Year Note CBT Futures September 2023 | 10,748 | 0.02 |
| 14 | US Ultra CBT Futures September 2023 | 16,278 | 0.03 |
| | | 27,026 | 0.05 |
| | FORWARD CURRENCY CONTRACTS 0.25% (-2.29%)¹ | | |
| €888,243 | Vs £(788,405) Expiry 20.10.2023 | (16,722) | (0.03) |
| €(370,295) | Vs £328,674 Expiry 20.10.2023 | 6,971 | 0.01 |
| US\$(15,892,999) | Vs £13,013,449 Expiry 14.07.2023 | 171,200 | 0.35 |
| US\$(1,246,000) | Vs £1,017,932 Expiry 14.07.2023 | 11,109 | 0.02 |
| ¥557,000,000 | Vs £(3,314,125) Expiry 17.11.2023 | (14,260) | (0.03) |
| US\$3,800,000 | Vs £(3,063,948) Expiry 14.07.2023 | 6,621 | 0.01 |
| US\$3,830,071 | Vs £(3,136,125) Expiry 14.07.2023 | (41,258) | (0.08) |
| | | 123,661 | 0.25 |
| | COLLECTIVE INVESTMENT SCHEMES 76.77% (84.02%)¹ | | |
| | Ireland 15.55% (30.58%)¹ | | |
| 25,633 | Barings Emerging Markets Debt Blended Total Return | 2,922,171 | 5.85 |
| 437,013 | HSBC Global Funds ICAV - Global Government Bond Index Fund | 3,311,246 | 6.63 |
| 138,492 | iShares Global Inflation-Linked Bond Index | 1,530,423 | 3.07 |
| | | 7,763,840 | 15.55 |
| | Japan 1.61% (0.00%)¹ | | |
| 567,459 | M&G Japan Fund Sterling | 804,486 | 1.61 |
| | Luxembourg 35.27% (38.42%)¹ | | |
| 10,250 | AB SICAV I - International Health Care Portfolio | 1,502,389 | 3.01 |
| 12,912 | AQR - Managed Futures UCITS Fund | 1,535,158 | 3.08 |
| 7,883 | BlackRock Global Funds - World Mining Fund | 429,295 | 0.86 |
| 8,641 | BlackRock Strategic Funds - Global Event Driven Fund | 981,230 | 1.97 |

7IM SELECT MODERATELY CAUTIOUS FUND

PORTFOLIO STATEMENT (continued)

as at 31 May 2023

| | | Value | 31.05.23 |
|-----------|--|-------------------|---------------|
| Holding | Portfolio of Investment | £ | % |
| | COLLECTIVE INVESTMENT SCHEMES 76.77% (84.02%)¹ (continued) | | |
| | Luxembourg 35.27% (38.42%)¹ (continued) | | |
| 19,222 | BlueBay Financial Capital Bond | 1,771,736 | 3.55 |
| 729 | Candriam Absolute Return Equity Market Neutral | 1,110,796 | 2.22 |
| 14,220 | Fulcrum Equity Dispersion Fund | 1,770,922 | 3.55 |
| 65,789 | Robeco Global Credits Acc | 7,046,695 | 14.11 |
| 3,919 | RWC Global Emerging Markets | 769,887 | 1.54 |
| 27,891 | Schroder ISF Asian Opportunities | 687,916 | 1.38 |
| | | 17,606,024 | 35.27 |
| | United Kingdom 24.34% (15.02%)¹ | | |
| 1,173,801 | Fidelity Investment Funds ICVC - UK Select Fund | 1,270,053 | 2.54 |
| 952,031 | iShares Global Property Securities Index | 2,017,681 | 4.03 |
| 394,264 | LF Lightman European Fund I Accumulation | 556,977 | 1.12 |
| 203,098 | LF Odey Absolute Return | 1,011,407 | 2.03 |
| 343,543 | Man GLG Income Fund | 1,172,856 | 2.35 |
| 661,272 | Ninety One Funds Series III - Global Environment Fund | 1,011,746 | 2.03 |
| 27,246 | PFS TwentyFour Dynamic Bond | 2,480,554 | 4.97 |
| 229,277 | Premier Miton European Opportunities | 634,867 | 1.27 |
| 2,299,703 | Schroder Prime UK Equity Fund | 1,252,878 | 2.51 |
| 74,436 | T. Rowe Price Funds OEIC Japanese Equity | 744,798 | 1.49 |
| | | 12,153,817 | 24.34 |
| | Portfolio of investment | 44,320,767 | 88.78 |
| | Net other assets ³ | 5,600,485 | 11.22 |
| | Net assets | 49,921,252 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Structured product.

³ Includes shares in the Northern Trust Global Sterling Fund to the value of £4,199,399 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

| | 31.05.23 | 31.05.22 |
|---------------------------|---------------|---------------|
| Credit Quality | % | % |
| Non-rated debt securities | 6.42 | 6.69 |
| Other investments | 82.36 | 87.26 |
| Net other assets | 11.22 | 6.05 |
| | 100.00 | 100.00 |

7IM SELECT MODERATELY CAUTIOUS FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|-----------|---------------|-----------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (1,839,712) | | (2,961,860) |
| Revenue | 5 | 1,007,711 | | 676,420 | |
| Expenses | 6 | (405,177) | | (405,846) | |
| Interest payable and similar charges | 8 | (1,239) | | (357) | |
| Net revenue before taxation for the year | | 601,295 | | 270,217 | |
| Taxation | 7 | (86,704) | | (4,083) | |
| Net revenue after taxation for the year | | | 514,591 | | 266,134 |
| Total return before distributions | | | (1,325,121) | | (2,695,726) |
| Distributions | 8 | | (786,381) | | (546,913) |
| Change in net assets attributable to shareholders from investment activities | | | (2,111,502) | | (3,242,639) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|-------------|---------------|-------------|---------------|
| Opening net assets attributable to shareholders | | 46,027,093 | | 45,443,033 |
| Amounts received on creation of shares ¹ | 14,725,933 | | 10,424,886 | |
| Amounts paid on cancellation of shares ¹ | (9,481,405) | | (7,098,939) | |
| | | 5,244,528 | | 3,325,947 |
| Change in net assets attributable to shareholders from investment activities | | (2,111,502) | | (3,242,639) |
| Retained distribution on accumulation shares | | 761,133 | | 500,752 |
| Closing net assets attributable to shareholders | | 49,921,252 | | 46,027,093 |

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 56 to 66 are an integral part of these financial statements.

7IM SELECT MODERATELY CAUTIOUS FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|--------------------|--------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 44,393,007 | 44,387,702 |
| Current assets: | | | |
| Debtors | 9 | 114,890 | 190,147 |
| Cash and bank balances | 10 | 2,483,379 | 2,671,775 |
| Cash equivalents | 10 | 4,199,399 | – |
| Total assets | | 51,190,675 | 47,249,624 |
| LIABILITIES | | | |
| Investment liabilities | | (72,240) | (1,146,951) |
| Creditors: | | | |
| Bank overdrafts | 10 | (72) | (15,246) |
| Distribution payable | 8 | (18,172) | (5,051) |
| Other creditors | 11 | (1,178,939) | (55,283) |
| Total liabilities | | (1,269,423) | (1,222,531) |
| Net assets attributable to shareholders | | 49,921,252 | 46,027,093 |

The notes on pages 56 to 66 are an integral part of these financial statements.

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|--------------------|--------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | (847,590) | (1,798,413) |
| Derivative contracts | (312,363) | 166,532 |
| Forward currency contracts | (836,054) | (1,209,739) |
| Currency gains/(losses) | 146,998 | (148,979) |
| Transaction charges | (8,588) | (7,127) |
| CSDR Penalty Reimbursement | 345 | – |
| AMC rebates from underlying investments | 17,540 | 35,866 |
| Net capital losses | <u>(1,839,712)</u> | <u>(2,961,860)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|------------------|----------------|
| | £ | £ |
| Non-taxable dividends | 185,317 | 128,219 |
| Taxable dividends | 755,754 | 583,821 |
| Unfranked interest | (34,402) | (66,693) |
| AMC rebates from underlying investments | 63,114 | 30,771 |
| Bank interest | 37,928 | 302 |
| Total revenue | <u>1,007,711</u> | <u>676,420</u> |

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 | 31.05.22 |
|---|----------------|----------------|
| | £ | £ |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 334,191 | 342,010 |
| Other expenses | 5,632 | 4,142 |
| | <u>339,823</u> | <u>346,152</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 8,717 | 8,482 |
| Safe custody and other bank charges | 23,642 | 19,013 |
| | <u>32,359</u> | <u>27,495</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,072 | 7,410 |
| Dealing and exchange fees | 945 | 891 |
| FCA and other regulatory fees | 160 | 160 |
| Legal and professional fees | 1,212 | 1,610 |
| Market data fees | 3,993 | 5,754 |
| Printing, postage and distribution costs | 7,731 | 8,221 |
| Risk analysis fees | 9,882 | 8,153 |
| | <u>32,995</u> | <u>32,199</u> |
| Total expenses | <u>405,177</u> | <u>405,846</u> |

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| <i>a) Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 86,704 | 4,083 |
| Current tax charge (note 7b) | 86,704 | 4,083 |
| Total taxation | 86,704 | 4,083 |
| <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%) (2022: 20%) for the reasons explained below. | | |
| Net revenue before taxation | 601,295 | 270,217 |
| Corporation tax at 20% | 120,259 | 54,043 |
| Effects of: | | |
| AMC rebates taken to capital | 3,509 | 7,173 |
| Non-taxable dividends | (37,064) | (26,202) |
| Unutilised excess management expenses | – | (30,931) |
| Total tax charge (note 7a) | 86,704 | 4,083 |

c) Deferred tax

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £Nil (2022: £Nil) 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:

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| Interim | 570,898 | 500,584 |
| Final ¹ | 254,746 | 54,539 |
| | 825,644 | 555,123 |
| Add: Revenue deducted on cancellation of shares | 38,809 | 10,311 |
| Deduct: Revenue received on issue of shares | (78,072) | (18,521) |
| Net distributions for the year | 786,381 | 546,913 |
| Interest payable and similar charges | 1,239 | 357 |
| Total distribution | 787,620 | 547,270 |

Details of the distributions per share are set out in the table on pages 67 and 68.

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

| | 31.05.23 £ | 31.05.22 £ |
|--|----------------|----------------|
| Distributions represented by: | | |
| Net revenue after taxation | 514,591 | 266,134 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 270,861 | 280,782 |
| Equalisation on conversions ³ | 933 | 10 |
| Net movement in revenue account | (4) | (13) |
| Net distributions for the year | <u>786,381</u> | <u>546,913</u> |

¹ Distribution payable at the year end of £18,172 (2022: £5,051) are disclosed in the Balance Sheet on page 55.

² Please refer to Note 2(i) Distribution Policy on page 11 for further details.

³ Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

9 Debtors

| | 31.05.23 £ | 31.05.22 £ |
|---|----------------|----------------|
| Amounts receivable for issue of shares | 39,000 | 158,549 |
| Accrued revenue | 48,231 | 172 |
| Income tax recoverable | 7,087 | 1,948 |
| AMC rebates from underlying investments | 20,572 | 29,478 |
| Total debtors | <u>114,890</u> | <u>190,147</u> |

10 Cash and bank balances

| | 31.05.23 £ | 31.05.22 £ |
|-----------------------------------|------------------|------------------|
| Cash and bank balances | 2,316,290 | 2,671,745 |
| Cash held at clearing houses | 167,089 | 30 |
| Cash equivalents | 4,199,399 | – |
| Total cash and bank balances | <u>6,682,778</u> | <u>2,671,775</u> |
| Bank overdrafts | (1) | (15,246) |
| Cash overdraft at clearing houses | (71) | – |
| Total bank overdrafts | <u>(72)</u> | <u>(15,246)</u> |

11 Other creditors

| | 31.05.23 £ | 31.05.22 £ |
|--|------------------|---------------|
| Amounts payable for cancellation of shares | 916,273 | – |
| Purchases awaiting settlement | 114,555 | – |
| Accrued expenses | 61,407 | 51,200 |
| Corporation tax payable | 86,704 | 4,083 |
| Total other creditors | <u>1,178,939</u> | <u>55,283</u> |

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 £28,126 (2022: £29,004).

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 54. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £39,000 (2022: £158,549) and £916,273 (2022: £Nil), accordingly.

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

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

Pershing Nominees Limited 100.00% (2022: 99.69%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totaled £3,900,902 (2022: £672,431). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £51,390 and £18,171, accordingly.

13 Classes of Shares

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

| | |
|---------|-------|
| Class C | 0.75% |
| Class S | 0.50% |

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 4,290,772 | 70,412 | (645,933) | 6,065 | 3,721,316 |
| Class C Accumulation | 36,956,154 | 13,741,190 | (6,941,127) | (10,660,424) | 33,095,793 |
| Class S Income | 108 | – | – | – | 108 |
| Class S Accumulation | 3,897,688 | 1,140,008 | (1,997,961) | 10,576,416 | 13,616,151 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

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

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

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | 1,135 | – | – | 1,135 |
| US dollar | 14,111 | 3,080,556 | 15,884,210 | 18,978,877 |
| Pound sterling | 2,656,529 | – | 43,193,140 | 45,849,669 |
| | 2,671,775 | 3,080,556 | 59,077,350 | 64,829,681 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|---------------------|
| Euro | (1,135) | – | (335,090) | (336,225) |
| Japanese yen | – | – | (230,668) | (230,668) |
| US dollar | (14,111) | – | (15,706,877) | (15,720,988) |
| Pound sterling | – | – | (2,514,707) | (2,514,707) |
| | (15,246) | – | (18,787,342) | (18,802,588) |

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

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

| Currency | Fixed Rate Financial Assets | | | |
|-----------|--------------------------------|----------|---|----------|
| | Weighted average interest rate | | Weighted average period for which rate is fixed | |
| | 31.05.23 | 31.05.22 | 31.05.23 | 31.05.22 |
| | % | % | Years | Years |
| US dollar | (2.09) | 0.56 | 2 | 2 |

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2023, the average effective duration was 3.16 years (31 May 2022: 2.68 years).

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

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

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|------------|
| Euro | – | (335,090) | (335,090) |
| Japanese yen | – | (230,668) | (230,668) |
| US dollar | – | 3,257,889 | 3,257,889 |
| | – | 2,692,131 | 2,692,131 |
| Pound sterling | 2,786,342 | 40,548,620 | 43,334,962 |
| Net assets | 2,786,342 | 43,240,751 | 46,027,093 |

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 39%, 77% and 56% respectively (31 May 2022: 28%, 94% and 42%).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 | 31.05.22 |
|---------------------------------------|-----------------|--------------------|
| | £ | £ |
| Futures Contracts | | |
| Chicago Board of Trade | 27,026 | – |
| Eurex Deutschland | 13,152 | – |
| London International Futures Exchange | 11,900 | – |
| Forward Currency Contracts | | |
| Northern Trust | 123,661 | (1,054,394) |
| Total net exposure¹ | <u>175,739</u> | <u>(1,054,394)</u> |

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 SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 2023 | | | | |
| Assets | | | | |
| Bonds | – | 3,202,924 | – | 3,202,924 |
| Collective Investment Schemes | 14,559,219 | 23,768,948 | – | 38,328,167 |
| Derivatives | 52,078 | 195,901 | – | 247,979 |
| Equities | 2,613,937 | – | – | 2,613,937 |
| Total | 17,225,234 | 27,167,773 | – | 44,393,007 |
| Liabilities | | | | |
| Derivatives | – | (72,240) | – | (72,240) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Bonds | – | 3,080,556 | – | 3,080,556 |
| Collective Investment Schemes | 14,089,768 | 24,579,248 | – | 38,669,016 |
| Derivatives | – | 92,557 | – | 92,557 |
| Equities | 2,545,573 | – | – | 2,545,573 |
| Total | 16,635,341 | 27,752,361 | – | 44,387,702 |
| Liabilities | | | | |
| Derivatives | – | (1,146,951) | – | (1,146,951) |

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 45.

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 | 1,637 | – | – | – | – | – |
| Collective Investment Schemes | 27,718 | – | – | – | – | – |
| Derivatives | 1,885 | – | – | – | – | – |
| Equities | 81 | – | – | – | – | – |
| Total | 31,321 | – | – | – | – | – |
| Sales | | | | | | |
| Bonds | 1,937 | – | – | – | – | – |
| Collective Investment Schemes | 22,238 | – | – | – | – | – |
| Derivatives | 1,891 | – | – | – | – | – |
| Equities | 866 | – | – | – | – | – |
| Total | 26,932 | – | – | – | – | – |
| 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 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 5,384 | – | – | – | – | – |
| Collective Investment Schemes | 37,141 | – | – | – | – | – |
| Equities | 1,071 | – | – | – | – | – |
| Total | 43,596 | – | – | – | – | – |
| Sales | | | | | | |
| Bonds | 5,273 | – | – | – | – | – |
| Collective Investment Schemes | 35,797 | – | – | – | – | – |
| Derivatives | 506 | – | – | – | – | – |
| Equities | 1,429 | – | – | – | – | – |
| Total | 43,005 | – | – | – | – | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

7IM SELECT MODERATELY CAUTIOUS

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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% (2022: 0.02%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 99.01p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 99.02p. This represents an increase of 0.01% from the year end value.

7IM SELECT MODERATELY CAUTIOUS FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 1.0969 | – | 1.0969 | 1.0973 |
| Group 2 | 1.0922 | 0.0047 | 1.0969 | 1.0973 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 1.1187 | – | 1.1187 | 1.1110 |
| Group 2 | 0.4554 | 0.6633 | 1.1187 | 1.1110 |

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class S Income | | | | |
| Group 1 | 1.1839 | – | 1.1839 | 1.2394 |
| Group 2 | 1.1839 | – | 1.1839 | 1.2394 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class S Accumulation | | | | |
| Group 1 | 1.1387 | – | 1.1387 | 1.1259 |
| Group 2 | 1.1387 | – | 1.1387 | 1.1259 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 0.4883 | – | 0.4883 | 0.1177 |
| Group 2 | 0.1981 | 0.2902 | 0.4883 | 0.1177 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.5052 | – | 0.5052 | 0.1179 |
| Group 2 | 0.2036 | 0.3016 | 0.5052 | 0.1179 |

7IM SELECT MODERATELY CAUTIOUS FUND

DISTRIBUTION TABLES (continued) for the year ended 31 May 2023

Final - in pence per share (continued)

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class S Income | | | | |
| Group 1 | 0.5549 | – | 0.5549 | 0.2589 |
| Group 2 | 0.5549 | – | 0.5549 | 0.2589 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.5095 | – | 0.5095 | 0.1518 |
| Group 2 | 0.3038 | 0.2057 | 0.5095 | 0.1518 |

Equalisation

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

7IM SELECT BALANCED FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

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

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed-ended funds and exchange traded funds (ETFs), other transferable securities such as government and corporate bonds, warrants and structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

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

The Sub-fund's underlying investments will comprise a mix of assets with scope for capital growth such as equities and income generating assets including government and corporate bonds. The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes. In extraordinary market conditions, it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of (1.14)%¹.

Comparator Benchmark

The Sub-fund outperformed its IA sector performance comparator benchmark (ARC Balanced Asset PCI) over the last year. Positive contributions came from diversifying away from UK bonds into global bonds and alternatives. UK bonds suffered materially due to stickier inflation leading to rate increases, higher maturities, and fiscal issues. The Sub-fund also benefitted from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The main detractor was an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse. The 1 year and 3 year relative performance to the benchmark was 1.27%, 0.78% respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

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

7IM SELECT BALANCED FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

In June 2022 we moved duration to neutral from underweight. Given much more attractive yields on bonds, we viewed this as a good time to increase our exposure. In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

Going into 2022 August, our worldview was turning more negative. Our belief was that economic data was likely to weaken and equity markets would respond by moving sideways with some volatility. In order to position portfolios for this market outcome, we moved our portfolios underweight equity relative to our SAA.

During September 2022, we further reduced the headline equity beta of our portfolios to an even more underweight position relative to our SAA. This was in line with our core view that a global manufacturing downturn is unavoidable and economic fundamentals are set to decline.

71M SELECT BALANCED FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

During September 2022, we also removed the remaining part of our value tilt. This position was in place to benefit from a cyclical upturn, something we no longer believe will happen soon. This position went into a combination of cash and our Berkshire Hathaway allocation which is better placed to benefit from the economic conditions we see going forward.

During October 2022, we unwound our tactical emerging market overweight. Our original case for the emerging market overweight was that the global economy would rebound after COVID-19. This has happened and it now looks as though the global economy is heading for/already in recession mode.

In October 2022, we also removed our RMBS position. The original bull case for the position has played out and we took profits on the position. The US housing market stayed strong and mortgage prepayments meant the trade performed well. With employment potentially less certain than it has been and changing forces in housing markets, we do not think the trade is as attractive as it was.

In December 2022, we further reduced our headline equity beta. Our base case view of the world for 2023 was that a recession was more likely than not. In this environment, we would not expect equities to perform well.

In December 2022, we also increased our headline bond exposure. Since the start of 2022, treasury yields had risen significantly. This means they have a much more attractive base return before any price movement. On top of this, we believe that rate hikes are already priced in.

In January 2023, we introduced a metals and mining trade. We have a lot of conviction in this trade as a long-term theme. The amount of metal needed to get to net zero is vast, and the nature of mining means that supply cannot increase in line with this. Mining companies are likely to benefit. Furthermore, the companies are cheap and produce very healthy dividends.

During March 2023, we began reducing AT1 bonds to their new target weight. The asset class has struggled on account of the stress in the European Banking sector. We believe that it is prudent risk management to downsize the positions and have been carefully reducing the allocation in tranches.

During March, we also added to our climate change position. The trade had underperformed over the past few months, we still have a lot of conviction in the long term case for the position and since it had sold off, the valuations looked more attractive than they had in the past.

In April 2023, we trimmed our put selling position. The position had performed well versus the S&P - the allocation it is funded from - and a general fall in volatility means that the base level of returns from the strategy that are available are lower.

During May 2023, we split our intraday trend strategy such that it now uses both the S&P and Nasdaq 100 index. This further diversifies our alternatives basket.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM SELECT BALANCED FUND

FUND INFORMATION

The Comparative Tables on pages 73 to 76 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM SELECT BALANCED FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 105.53 | 110.93 | 97.88 |
| Return before operating charges* | 0.07 | (3.03) | 14.89 |
| Operating charges (calculated on average price) | (1.21) | (1.38) | (1.34) |
| Return after operating charges* | (1.14) | (4.41) | 13.55 |
| Distributions on income shares | (1.54) | (0.99) | (0.50) |
| Closing net asset value per share | 102.85 | 105.53 | 110.93 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|--------|
| Return after charges ² | (1.08)% | (3.98)% | 13.84% |
|-----------------------------------|---------|---------|--------|

Other Information

| | | | |
|---------------------------------|-----------|------------|-----------|
| Closing net asset value (£'000) | 8,554 | 10,951 | 9,174 |
| Closing number of shares | 8,317,096 | 10,377,060 | 8,269,907 |
| Operating charges ³ | 1.17% | 1.26% | 1.28% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 108.04 | 113.65 | 111.46 |
| Lowest share price | 99.03 | 103.05 | 97.74 |

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 77.

7IM SELECT BALANCED FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 107.32 | 111.81 | 98.19 |
| Return before operating charges* | 0.08 | (3.09) | 14.97 |
| Operating charges (calculated on average price) | (1.24) | (1.40) | (1.35) |
| Return after operating charges* | (1.16) | (4.49) | 13.62 |
| Distributions | (1.57) | (1.00) | (0.49) |
| Retained distributions on accumulation shares | 1.57 | 1.00 | 0.49 |
| Closing net asset value per share | 106.16 | 107.32 | 111.81 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|--------|
| Return after charges ² | (1.08)% | (4.02)% | 13.87% |
|-----------------------------------|---------|---------|--------|

Other Information

| | | | |
|---------------------------------|-------------|-------------|-------------|
| Closing net asset value (£'000) | 191,530 | 173,307 | 171,087 |
| Closing number of shares | 180,413,138 | 161,486,660 | 153,017,957 |
| Operating charges ³ | 1.17% | 1.26% | 1.28% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 111.09 | 114.55 | 112.30 |
| Lowest share price | 100.71 | 104.76 | 98.05 |

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. A detailed breakdown of the OCF per share class is shown on page 77.

7IM SELECT BALANCED FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Income

| | 31.05.22 ¹ (pence per share) | 31.05.21 (pence per share) |
|---|---|----------------------------------|
| Change in Net Asset Value Per Share | | |
| Opening net asset value per share | 111.25 | 97.99 |
| Return before operating charges* | (109.44) | 14.93 |
| Operating charges (calculated on average price) | (0.78) | (1.07) |
| Return after operating charges* | (110.22) | 13.86 |
| Distributions on income shares | (1.03) | (0.60) |
| Last quoted share price | 110.53 | – |
| Closing net asset value per share | – | 111.25 |
| * After direct transaction costs of: ² | 0.00 | 0.00 |

Performance

| | | |
|-----------------------------------|----------|--------|
| Return after charges ³ | (99.07)% | 14.14% |
|-----------------------------------|----------|--------|

Other Information

| | | |
|---------------------------------|-------|---------|
| Closing net asset value (£'000) | – | 526 |
| Closing number of shares | – | 473,309 |
| Operating charges ⁴ | 1.01% | 1.03% |
| Direct transaction costs | 0.00% | 0.00% |

Prices

| | | |
|---------------------|--------|--------|
| Highest share price | 114.08 | 111.78 |
| Lowest share price | 103.47 | 97.86 |

¹ Share class became inactive on 30 March 2022.

² 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.

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

⁴ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 77.

7IM SELECT BALANCED FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 108.08 | 112.32 | 98.40 |
| Return before operating charges* | 0.06 | (3.11) | 15.01 |
| Operating charges (calculated on average price) | (0.98) | (1.13) | (1.09) |
| Return after operating charges* | (0.92) | (4.24) | 13.92 |
| Distributions | (1.71) | (1.17) | (0.63) |
| Retained distributions on accumulation shares | 1.71 | 1.17 | 0.63 |
| Closing net asset value per share | 107.16 | 108.08 | 112.32 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|---------|---------|--------|
| Return after charges ² | (0.85)% | (3.77)% | 14.15% |
|-----------------------------------|---------|---------|--------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 20,485 | 25,114 | 22,234 |
| Closing number of shares | 19,117,367 | 23,235,598 | 19,794,820 |
| Operating charges ³ | 0.92% | 1.01% | 1.03% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 112.04 | 115.19 | 112.80 |
| Lowest share price | 101.51 | 105.45 | 98.26 |

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 77.

7IM SELECT BALANCED FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

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

As at 31 May 2022

| | Class C | Class S |
|------------------------------------|----------------|----------------|
| ACD's periodic charge | 0.75% | 0.50% |
| Other expenses | 0.05% | 0.05% |
| | <hr/> | <hr/> |
| | 0.80% | 0.55% |
| Collective investment scheme costs | 0.46% | 0.46% |
| Ongoing Charges Figure | <hr/> | <hr/> |
| | 1.26% | 1.01% |

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund, suspended its securities lending programme.

7IM SELECT BALANCED FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was four.

Fund performance to 31 May 2023 (%)

| | 1 year | 3 years | Since Launch |
|--|--------|---------|--------------|
| 7IM Select Balanced Fund ^{1, 2} | (1.14) | 8.17 | 6.14 |

¹ Source: Bloomberg.

² The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 95 and 96.

7IM SELECT BALANCED FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| Holding | Portfolio of Investment | Value | 31.05.23 |
|------------------|--|-------------------|--------------|
| | | £ | % |
| | ALTERNATIVES 6.08% (6.27%)¹ | | |
| | Alternative Strategies 6.08% (6.27%)¹ | | |
| 5,040,000 | JP Morgan Structured Products 0.00% 10/09/2024 ² | 4,275,276 | 1.94 |
| 5,571,000 | SG Defensive Short Term Equity Strategy 0.00% 2023 ² | 4,565,300 | 2.07 |
| 49,063 | UBS AG London 2027 | 4,556,303 | 2.07 |
| | | 13,396,879 | 6.08 |
| | EQUITY 7.27% (4.70%)¹ | | |
| | North America 3.01% (3.29%)¹ | | |
| 25,430 | Berkshire Hathaway | 6,627,143 | 3.01 |
| | United Kingdom 4.26% (1.41%)¹ | | |
| 11,771 | Goldman Sachs 2024 | 8,826,717 | 4.00 |
| 750 | Goldman Sachs International 2024 | 562,402 | 0.26 |
| | | 9,389,119 | 4.26 |
| | FUTURES CONTRACTS 0.08% (-0.04%)¹ | | |
| | Germany 0.02% (0.00%)¹ | | |
| 17 | MSCI EUX Eurobund Futures June 2023 | 34,790 | 0.02 |
| | United Kingdom 0.02% (0.00%)¹ | | |
| 29 | Long Gilt ICF Futures September 2023 | 49,300 | 0.02 |
| | United States 0.04% (-0.04%)¹ | | |
| 73 | US 10-Year Note CBT Futures September 2023 | 37,363 | 0.02 |
| 42 | US Ultra CBT Futures September 2023 | 48,831 | 0.02 |
| | | 86,194 | 0.04 |
| | FORWARD CURRENCY CONTRACTS 0.17% (-1.33%)¹ | | |
| €1,400,000 | Vs £(1,246,718) Expiry 20.10.2023 | (30,435) | (0.01) |
| €4,548,276 | Vs £(4,037,050) Expiry 20.10.2023 | (85,627) | (0.04) |
| €(3,545,195) | Vs £3,146,715 Expiry 20.10.2023 | 66,743 | 0.03 |
| €(1,400,000) | Vs £1,237,740 Expiry 20.10.2023 | 21,457 | 0.01 |
| US\$(53,123,000) | Vs £43,497,984 Expiry 14.07.2023 | 572,242 | 0.26 |
| US\$(2,640,000) | Vs £2,156,775 Expiry 14.07.2023 | 23,537 | 0.01 |
| ¥2,862,500,000 | Vs £(17,031,746) Expiry 17.11.2023 | (73,282) | (0.03) |
| US\$15,300,000 | Vs £(12,336,422) Expiry 14.07.2023 | 26,658 | 0.01 |
| US\$13,739,652 | Vs £(11,250,252) Expiry 14.07.2023 | (148,004) | (0.07) |
| | | 373,289 | 0.17 |
| | COLLECTIVE INVESTMENT SCHEMES 73.15% (82.79%)¹ | | |
| | Ireland 12.71% (22.60%)¹ | | |
| 118,475 | Barings Emerging Markets Debt Blended Total Return | 13,506,130 | 6.12 |
| 1,150,013 | HSBC Global Funds ICAV - Global Government Bond Index Fund | 8,713,646 | 3.95 |
| 923,176 | iShares MSCI USA ESG Screened UCITS ETF | 5,825,476 | 2.64 |
| | | 28,045,252 | 12.71 |
| | Japan 2.16% (0.00%)¹ | | |
| 3,366,329 | M&G Japan Fund Sterling | 4,772,444 | 2.16 |

7IM SELECT BALANCED FUND

PORTFOLIO STATEMENT (continued)

as at 31 May 2023

| | | Value | 31.05.23 |
|------------|--|--------------------|---------------|
| Holding | Portfolio of Investment | £ | % |
| | COLLECTIVE INVESTMENT SCHEMES 73.15% (82.79%)¹ (continued) | | |
| | Luxembourg 21.26% (33.80%)¹ | | |
| 36,196 | AQR - Managed Futures UCITS Fund | 4,303,320 | 1.95 |
| 57,702 | BlackRock Global Funds - World Mining Fund | 3,142,472 | 1.42 |
| 36,917 | BlackRock Strategic Funds - Global Event Driven Fund | 4,191,932 | 1.90 |
| 108,380 | BlueBay Financial Capital Bond | 9,989,423 | 4.53 |
| 2,961 | Candriam Absolute Return Equity Market Neutral | 4,513,766 | 2.05 |
| 53,933 | Fulcrum Equity Dispersion Fund | 6,716,842 | 3.05 |
| 82,434 | Robeco Global Credits Acc | 8,829,455 | 4.00 |
| 12,804 | RWC Global Emerging Markets | 2,515,157 | 1.14 |
| 108,656 | Schroder ISF Asian Opportunities | 2,679,936 | 1.22 |
| | | 46,882,303 | 21.26 |
| | United Kingdom 32.13% (26.39%)¹ | | |
| 10,686,041 | Fidelity Investment Funds ICVC - UK Select Fund | 11,562,297 | 5.24 |
| 3,553,507 | iShares Global Property Securities Index | 7,531,108 | 3.41 |
| 2,468,137 | LF Lightman European Fund I Accumulation | 3,486,737 | 1.58 |
| 852,711 | LF Odey Absolute Return | 4,246,415 | 1.92 |
| 3,388,464 | Man GLG Income Fund | 11,568,217 | 5.24 |
| 5,767,096 | Ninety One Funds Series III - Global Environment Fund | 8,823,658 | 4.00 |
| 48,652 | PFS TwentyFour Dynamic Bond | 4,429,362 | 2.01 |
| 1,306,549 | Premier Miton European Opportunities | 3,617,835 | 1.64 |
| 20,349,677 | Schroder Prime UK Equity Fund | 11,086,504 | 5.03 |
| 454,966 | T. Rowe Price Funds OEIC Japanese Equity | 4,552,347 | 2.06 |
| | | 70,904,480 | 32.13 |
| | United States 4.89% (0.00%)¹ | | |
| 73,519 | AB SICAV I - International Health Care Portfolio | 10,776,472 | 4.89 |
| | Portfolio of investment | 191,337,665 | 86.75 |
| | Net other assets ³ | 29,231,176 | 13.25 |
| | Net assets | 220,568,841 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Structured product.

³ Includes shares in the Northern Trust Global Sterling Fund to the value of £14,251,150 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

| | 31.05.23 | 31.05.22 |
|---------------------------|---------------|---------------|
| Credit Quality | % | % |
| Non-rated debt securities | 6.08 | 6.27 |
| Other investments | 80.67 | 86.09 |
| Net other assets | 13.25 | 7.64 |
| | 100.00 | 100.00 |

7IM SELECT BALANCED FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|-------------|---------------|-------------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (4,887,291) | | (9,975,060) |
| Revenue | 5 | 4,237,190 | | 2,854,396 | |
| Expenses | 6 | (1,628,065) | | (1,605,001) | |
| Interest payable and similar charges | 8 | (5,597) | | (2,497) | |
| Net revenue before taxation for the year | | 2,603,528 | | 1,246,898 | |
| Taxation | 7 | (120,737) | | (4,634) | |
| Net revenue after taxation for the year | | | 2,482,791 | | 1,242,264 |
| Total return before distributions | | | (2,404,500) | | (8,732,796) |
| Distributions | 8 | | (3,113,659) | | (1,877,936) |
| Change in net assets attributable to shareholders from investment activities | | | (5,518,159) | | (10,610,732) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|--------------|---------------|--------------|---------------|
| Opening net assets attributable to shareholders | | 209,371,063 | | 203,021,333 |
| Amounts received on creation of shares ¹ | 59,731,311 | | 56,865,391 | |
| Amounts paid on cancellation of shares ¹ | (45,986,353) | | (41,711,083) | |
| | | 13,744,958 | | 15,154,308 |
| Change in net assets attributable to shareholders from investment activities | | (5,518,159) | | (10,610,732) |
| Retained distribution on accumulation shares | | 2,970,979 | | 1,806,154 |
| Closing net assets attributable to shareholders | | 220,568,841 | | 209,371,063 |

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 83 to 94 are an integral part of these financial statements.

7IM SELECT BALANCED FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|--------------------|--------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 191,675,013 | 196,767,932 |
| Current assets: | | | |
| Debtors | 9 | 957,708 | 261,848 |
| Cash and bank balances | 10 | 16,467,258 | 17,268,872 |
| Cash equivalents | 10 | 14,251,150 | – |
| Total assets | | 223,351,129 | 214,298,652 |
| LIABILITIES | | | |
| Investment liabilities | | (337,348) | (3,384,041) |
| Creditors: | | | |
| Bank overdrafts | 10 | (180) | (539,933) |
| Distribution payable | 8 | (32,428) | (4,151) |
| Other creditors | 11 | (2,412,332) | (999,464) |
| Total liabilities | | (2,782,288) | (4,927,589) |
| Net assets attributable to shareholders | | 220,568,841 | 209,371,063 |

The notes on pages 83 to 94 are an integral part of these financial statements.

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|--------------------|--------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | (1,333,414) | (5,896,003) |
| Derivative contracts | (1,096,939) | (99,328) |
| Forward currency contracts | (2,727,452) | (3,925,476) |
| Currency gains/(losses) | 181,148 | (195,313) |
| Transaction charges | (10,891) | (10,116) |
| CSDR Penalty | – | 33 |
| CSDR Penalty Reimbursement | 1,123 | – |
| AMC rebates from underlying investments | 99,134 | 151,143 |
| Net capital losses | <u>(4,887,291)</u> | <u>(9,975,060)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|------------------|------------------|
| | £ | £ |
| Non-taxable dividends | 1,526,927 | 1,149,840 |
| Taxable dividends | 2,582,027 | 1,978,093 |
| Unfranked interest | (151,961) | (309,003) |
| AMC rebates from underlying investments | 82,464 | 32,982 |
| Bank interest | 197,733 | 2,484 |
| Total revenue | <u>4,237,190</u> | <u>2,854,396</u> |

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 £ | 31.05.22 £ |
|---|------------------|------------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 1,527,160 | 1,513,653 |
| Other expenses | 5,630 | 4,217 |
| | <u>1,532,790</u> | <u>1,517,870</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 31,660 | 31,273 |
| Safe custody and other bank charges | 25,975 | 20,999 |
| | <u>57,635</u> | <u>52,272</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,410 |
| Dealing and exchange fees | 2,578 | 2,354 |
| FCA and other regulatory fees | 267 | 160 |
| Legal and professional fees | 1,215 | 1,609 |
| Market data fees | 3,989 | 5,754 |
| Printing, postage and distribution costs | 10,649 | 9,419 |
| Risk analysis fees | 9,871 | 8,153 |
| | <u>37,640</u> | <u>34,859</u> |
| Total expenses | <u>1,628,065</u> | <u>1,605,001</u> |

¹The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| <i>a) Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 120,737 | – |
| Irrecoverable CIS income tax | – | 4,634 |
| | <hr/> | <hr/> |
| Current tax charge (note 7b) | 120,737 | 4,634 |
| | <hr/> | <hr/> |
| Total taxation | 120,737 | 4,634 |

b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2022: 20%) for the reasons explained below.

| | | |
|-------------------------------------|-----------|-----------|
| Net revenue before taxation | 2,603,528 | 1,246,898 |
| Corporation tax at 20% | 520,706 | 249,380 |
| Effects of: | | |
| AMC rebates taken to capital | 19,827 | 30,229 |
| Irrecoverable CIS income tax w/off | – | 4,634 |
| Non-taxable dividends | (306,915) | (232,409) |
| Utilised excess management expenses | (112,881) | (47,200) |
| | <hr/> | <hr/> |
| Total tax charge (note 7a) | 120,737 | 4,634 |

c) Deferred tax

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £Nil (2022: £112,881) 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:

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| Interim | 2,278,215 | 1,789,950 |
| Final ¹ | 843,766 | 102,436 |
| | <hr/> | <hr/> |
| Add: Revenue deducted on cancellation of shares | 203,407 | 63,029 |
| Deduct: Revenue received on issue of shares | (211,729) | (77,479) |
| | <hr/> | <hr/> |
| Net distributions for the year | 3,113,659 | 1,877,936 |
| Interest payable and similar charges | 5,597 | 2,497 |
| | <hr/> | <hr/> |
| Total distribution | 3,119,256 | 1,880,433 |

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 95 and 96.

| | 31.05.23 | 31.05.22 |
|--|------------------|------------------|
| | £ | £ |
| Distributions represented by: | | |
| Net revenue after taxation | 2,482,791 | 1,242,264 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 630,691 | 635,689 |
| Equalisation on conversions ³ | 80 | 29 |
| Net movement in revenue account | 97 | (46) |
| Net distributions for the year | <u>3,113,659</u> | <u>1,877,936</u> |

¹ Distribution payable at the year end of £32,428 (2022: £4,151) are disclosed in the Balance Sheet on page 82.

² Please refer to Note 2(i) Distribution Policy on page 11 for further details.

³ Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts receivable for issue of shares | 777,592 | 173,955 |
| Accrued revenue | 94,693 | 998 |
| Income tax recoverable | 40,802 | 4,058 |
| AMC rebates from underlying investments | 44,621 | 80,737 |
| Currency deals awaiting settlement | – | 2,100 |
| Total debtors | <u>957,708</u> | <u>261,848</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|-------------------|-------------------|
| | £ | £ |
| Cash and bank balances | 15,741,517 | 16,485,331 |
| Cash held at clearing houses | 725,741 | 783,541 |
| Cash equivalents | 14,251,150 | – |
| Total cash and bank balances | <u>30,718,408</u> | <u>17,268,872</u> |
| Bank overdrafts | (3) | (11,017) |
| Cash overdraft at clearing houses | (177) | (528,916) |
| Total bank overdrafts | <u>(180)</u> | <u>(539,933)</u> |

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

11 Other Creditors

| | 31.05.23 | 31.05.22 |
|--|------------------|-----------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 2,107,642 | 835,200 |
| Purchases awaiting settlement | – | 5,398 |
| Accrued expenses | 183,953 | 158,866 |
| Corporation tax payable | 120,737 | – |
| Total other creditors | <u>2,412,332</u> | <u>999,464</u> |

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 £68,568 (2022: £63,498).

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 81. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £777,592 (2022: £173,955) and £2,107,642 (2022: £835,200), 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 98.53% (2022: 99.15%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £8,273,306 (2022: £6,898,008). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £122,725 and £32,428, accordingly.

13 Classes of Shares

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

| | |
|---------|-------|
| Class C | 0.75% |
| Class S | 0.50% |

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 10,377,060 | 682,738 | (2,144,954) | (597,748) | 8,317,096 |
| Class C Accumulation | 161,486,660 | 52,988,237 | (33,705,394) | (356,365) | 180,413,138 |
| Class S Accumulation | 23,235,598 | 2,767,795 | (7,816,851) | 930,825 | 19,117,367 |

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

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

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | 3,954 | – | – | 3,954 |
| Japanese yen | – | – | 1,004,675 | 1,004,675 |
| US dollar | 7,064 | 13,130,587 | 58,657,091 | 71,794,742 |
| Pound sterling | 17,257,854 | – | 181,518,855 | 198,776,709 |
| | 17,268,872 | 13,130,587 | 241,180,621 | 271,580,080 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|---------------------|
| Euro | (3,954) | – | (3,208,149) | (3,212,103) |
| Japanese yen | – | – | (1,297,314) | (1,297,314) |
| US dollar | (535,979) | – | (44,534,184) | (45,070,163) |
| Pound sterling | – | – | (12,629,437) | (12,629,437) |
| | (539,933) | – | (61,669,084) | (62,209,017) |

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

| Currency | Fixed Rate Financial Assets | | | |
|-----------|--------------------------------|----------|---|----------|
| | Weighted average interest rate | | Weighted average period for which rate is fixed | |
| | 31.05.23 | 31.05.22 | 31.05.23 | 31.05.22 |
| | % | % | Years | Years |
| US dollar | (1.99) | 0.62 | 2 | 2 |

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2023, the average effective duration was 1.85 years (31 May 2022: 1.61 years).

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

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

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|-------------|
| Euro | – | (3,208,149) | (3,208,149) |
| Japanese yen | – | (292,639) | (292,639) |
| US dollar | (528,915) | 27,253,494 | 26,724,579 |
| | (528,915) | 23,752,706 | 23,223,790 |
| Pound sterling | 16,516,087 | 169,631,185 | 186,147,272 |
| Net assets | 15,987,172 | 193,383,891 | 209,371,063 |

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 33%, 88% and 49% respectively (2022: 26%, 62%, and 34% 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.

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives (continued)

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|---------------|---------------|
| Futures Contracts | | |
| Chicago Board of Trade | 86,194 | (74,784) |
| Eurex Deutschland | 34,789 | – |
| London International Futures Exchange | 49,300 | – |
| Forward Currency Contracts | | |
| Northern Trust | 373,289 | (2,772,981) |
| Total net exposure¹ | 543,572 | (2,847,765) |

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

iv. Fair value

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

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

Level 1

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

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.

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|-------------------|--------------------|--------------|--------------------|
| 31 May 2023 | | | | |
| Assets | | | | |
| Bonds | – | 13,396,879 | – | 13,396,879 |
| Collective Investment Schemes | 66,751,521 | 94,629,430 | – | 161,380,951 |
| Derivatives | 170,284 | 710,637 | – | 880,921 |
| Equities | 15,453,860 | 562,402 | – | 16,016,262 |
| Total | 82,375,665 | 109,299,348 | – | 191,675,013 |
| Liabilities | | | | |
| Derivatives | – | (337,348) | – | (337,348) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Bonds | – | 13,130,587 | – | 13,130,587 |
| Collective Investment Schemes | 92,381,031 | 80,883,484 | – | 173,264,515 |
| Derivatives | – | 536,276 | – | 536,276 |
| Equities | 6,887,223 | 2,949,331 | – | 9,836,554 |
| Total | 99,268,254 | 97,499,678 | – | 196,767,932 |
| Liabilities | | | | |
| Derivatives | (74,784) | (3,309,257) | – | (3,384,041) |

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 72.

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

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 8,236 | – | – | – | – | – |
| Collective Investment Schemes | 97,148 | – | – | – | – | – |
| Derivatives | 7,790 | – | – | – | – | – |
| Equities | 3,250 | – | – | – | – | – |
| Total | 116,424 | – | – | – | – | – |
| Sales | | | | | | |
| Bonds | 10,001 | – | – | – | – | – |
| Collective Investment Schemes | 100,872 | – | – | – | – | – |
| Derivatives | 2,014 | – | – | – | – | – |
| Equities | 10,004 | – | – | – | – | – |
| Total | 122,891 | – | – | – | – | – |
| 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 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 22,390 | – | – | – | – | – |
| Collective Investment Schemes | 176,345 | – | – | – | – | – |
| Derivatives | 3,161 | – | – | – | – | – |
| Equities | 16,440 | – | – | – | – | – |
| Total | 218,336 | – | – | – | – | – |
| Sales | | | | | | |
| Bonds | 22,388 | – | – | – | – | – |
| Collective Investment Schemes | 165,276 | – | – | – | – | – |
| Derivatives | 6,833 | – | – | – | – | – |
| Equities | 22,639 | (1) | – | (1) | – | – |
| Total | 217,136 | (1) | – | (1) | – | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

7IM SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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% (2022: 0.09%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 106.14p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 107.03p. This represents an increase of 0.84% from the year end value.

7IM SELECT BALANCED FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class C Income | | | | |
| Group 1 | 1.1469 | – | 1.1469 | 0.9458 |
| Group 2 | 0.7600 | 0.3869 | 1.1469 | 0.9458 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class C Accumulation | | | | |
| Group 1 | 1.1673 | – | 1.1673 | 0.9541 |
| Group 2 | 0.5222 | 0.6451 | 1.1673 | 0.9541 |

| | Net Revenue | Equalisation | Paid 31.01.23 ¹ | Paid 31.01.22 |
|-----------------------|-------------|--------------|-------------------------------|------------------|
| Class S Income | | | | |
| Group 1 | – | – | – | 1.0281 |
| Group 2 | – | – | – | 1.0281 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class S Accumulation | | | | |
| Group 1 | 1.2265 | – | 1.2265 | 1.0385 |
| Group 2 | 0.7678 | 0.4587 | 1.2265 | 1.0385 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class C Income | | | | |
| Group 1 | 0.3899 | – | 0.3899 | 0.0400 |
| Group 2 | 0.1268 | 0.2631 | 0.3899 | 0.0400 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.3987 | – | 0.3987 | 0.0421 |
| Group 2 | 0.1546 | 0.2441 | 0.3987 | 0.0421 |

7IM SELECT BALANCED FUND

DISTRIBUTION TABLES (continued) for the year ended 31 May 2023

Final - in pence per share (continued)

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.4814 | – | 0.4814 | 0.1304 |
| Group 2 | 0.3541 | 0.1273 | 0.4814 | 0.1304 |

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

Equalisation

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

7IM SELECT MODERATELY ADVENTUROUS FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

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

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed-ended funds and exchange traded funds (ETFs), other transferable securities such as government and corporate bonds, warrants and structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

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

The Sub-fund's underlying investments will be focused on assets that provide capital growth including equities but, there will be an allocation to income generating assets such as government bonds and corporate bonds. The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes. In extraordinary market conditions, it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 0.08%¹.

Comparator Benchmark

The Sub-fund outperformed its IA sector performance comparator benchmark (ARC Steady Growth PCI) over the last year. Positive contributions came from diversifying away from UK bonds into global bonds and alternatives. UK bonds suffered materially due to stickier inflation leading to rate increases, higher maturities, and fiscal issues. The Sub-fund also benefitted from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The main detractor was an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse. The 1 year and 3 year relative performance to the benchmark was 1.87%, 2.59% respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

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

71M SELECT MODERATELY ADVENTUROUS FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

Going into 2022 August, our worldview was turning more negative. Our belief was that economic data was likely to weaken and equity markets would respond by moving sideways with some volatility. In order to position portfolios for this market outcome, we moved our portfolios underweight equity relative to our SAA.

During September 2022, we further reduced the headline equity beta of our portfolios to an even more underweight position relative to our SAA. This was in line with our core view that a global manufacturing downturn is unavoidable and economic fundamentals are set to decline.

71M SELECT MODERATELY ADVENTUROUS FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

During September 2022, we also removed the remaining part of our value tilt. This position was in place to benefit from a cyclical upturn, something we no longer believe will happen soon. This position went into a combination of cash and our Berkshire Hathaway allocation which is better placed to benefit from the economic conditions we see going forward.

During October 2022, we unwound our tactical emerging market overweight. Our original case for the emerging market overweight was that the global economy would rebound after COVID-19. This has happened and it now looks as though the global economy is heading for/already in recession mode.

Lastly, in October 2022, we increased our allocation to AT1s with the outlook for equity uncertain, we see AT1s as a very attractive asset to own. They are yielding well over 10%, and we still do not see significant default or extension risk in the bonds.

In December 2022, we further reduced our headline equity beta. Our base case view of the world for 2023 was that a recession was more likely than not. In this environment, we would not expect equities to perform well.

In January 2023, we introduced a metals and mining trade. We have a lot of conviction in this trade as a long-term theme. The amount of metal needed to get to net zero is vast, and the nature of mining means that supply cannot increase in line with this. Mining companies are likely to benefit. Furthermore, the companies are cheap and produce very healthy dividends.

During March 2023, we began reducing AT1 bonds to their new target weight. The asset class has struggled on account of the stress in the European Banking sector. We believe that it is prudent risk management to downsize the positions and have been carefully reducing the allocation in tranches.

During March 2022, we also added to our climate change position. The trade had underperformed over the past few months, we still have a lot of conviction in the long term case for the position and since it had sold off, the valuations looked more attractive than they had in the past.

In April 2023, we trimmed our put selling position. The position had performed well versus the S&P - the allocation it is funded from - and a general fall in volatility means that the base level of returns from the strategy that are available are lower.

During May 2023, we split our intraday trend strategy such that it now uses both the S&P and Nasdaq 100 index. This further diversifies our alternatives basket.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION

The Comparative Tables on pages 101 to 104 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 111.09 | 115.55 | 97.54 |
| Return before operating charges* | 1.48 | (2.75) | 19.42 |
| Operating charges (calculated on average price) | (1.35) | (1.47) | (1.32) |
| Return after operating charges* | 0.13 | (4.22) | 18.10 |
| Distributions on income shares | (0.63) | (0.24) | (0.09) |
| Closing net asset value per share | 110.59 | 111.09 | 115.55 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.12% | (3.65)% | 18.56% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 3,769 | 4,965 | 5,378 |
| Closing number of shares | 3,408,222 | 4,470,235 | 4,654,531 |
| Operating charges ³ | 1.22% | 1.28% | 1.24% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 116.46 | 118.67 | 116.57 |
| Lowest share price | 104.80 | 107.53 | 97.21 |

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 105.

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 111.43 | 115.65 | 97.54 |
| Return before operating charges* | 1.48 | (2.75) | 19.44 |
| Operating charges (calculated on average price) | (1.36) | (1.47) | (1.33) |
| Return after operating charges* | 0.12 | (4.22) | 18.11 |
| Distributions | (0.63) | (0.24) | (0.09) |
| Retained distributions on accumulation shares | 0.63 | 0.24 | 0.09 |
| Closing net asset value per share | 111.55 | 111.43 | 115.65 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.11% | (3.65)% | 18.57% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|-------------|-------------|------------|
| Closing net asset value (£'000) | 153,609 | 128,582 | 102,426 |
| Closing number of shares | 137,700,376 | 115,396,483 | 88,564,186 |
| Operating charges ³ | 1.22% | 1.28% | 1.24% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 117.29 | 118.78 | 116.67 |
| Lowest share price | 105.12 | 107.82 | 97.21 |

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 105.

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Income

| | 31.05.22 ⁴ (pence per share) | 31.05.21 (pence per share) |
|---|---|----------------------------------|
| Change in Net Asset Value Per Share | | |
| Opening net asset value per share | 115.80 | 97.71 |
| Return before operating charges* | (114.44) | 19.46 |
| Operating charges (calculated on average price) | (1.00) | (1.05) |
| Return after operating charges* | (115.44) | 18.41 |
| Distributions on income shares | (0.36) | (0.32) |
| Closing net asset value per share | – | 115.80 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 |

Performance

| | | |
|-----------------------------------|----------|--------|
| Return after charges ² | (99.69)% | 18.84% |
|-----------------------------------|----------|--------|

Other Information

| | | |
|---------------------------------|-------|-----------|
| Closing net asset value (£'000) | – | 2,095 |
| Closing number of shares | – | 1,809,458 |
| Operating charges ³ | 1.03% | 0.99% |
| Direct transaction costs | 0.00% | 0.00% |

Prices

| | | |
|---------------------|--------|--------|
| Highest share price | 119.07 | 116.92 |
| Lowest share price | 107.84 | 97.39 |

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 105.

⁴ Share class became inactive last 31 March 2022.

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 112.23 | 116.20 | 97.76 |
| Return before operating charges* | 1.50 | (2.78) | 19.50 |
| Operating charges (calculated on average price) | (1.09) | (1.19) | (1.06) |
| Return after operating charges* | 0.41 | (3.97) | 18.44 |
| Distributions | (0.92) | (0.53) | (0.34) |
| Retained distributions on accumulation shares | 0.92 | 0.53 | 0.34 |
| Closing net asset value per share | 112.64 | 112.23 | 116.20 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.37% | (3.42)% | 18.86% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 7,726 | 7,418 | 6,139 |
| Closing number of shares | 6,859,108 | 6,609,313 | 5,283,136 |
| Operating charges ³ | 0.97% | 1.03% | 0.99% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 118.34 | 119.48 | 117.21 |
| Lowest share price | 105.97 | 108.55 | 97.42 |

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 105.

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

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

As at 31 May 2022

| | Class C | Class S |
|------------------------------------|----------------|----------------|
| ACD's periodic charge | 0.75% | 0.50% |
| Other expenses | 0.07% | 0.07% |
| | <hr/> | <hr/> |
| | 0.82% | 0.57% |
| Collective investment scheme costs | 0.46% | 0.46% |
| Ongoing Charges Figure | <hr/> | <hr/> |
| | 1.28% | 1.03% |

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM SELECT MODERATELY ADVENTUROUS FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was five. The indicator has changed from four to five this year.

Fund performance to 31 May 2023 (%)

| | 1 year | 3 years | Since Launch |
|---|--------|---------|--------------|
| 7IM Select Moderately Adventurous Fund ^{1,2} | 0.08 | 14.45 | 11.54 |

¹ Source: Bloomberg.

² The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 122 and 123.

7IM SELECT MODERATELY ADVENTUROUS FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| Holding | Portfolio of Investment | Value £ | 31.05.23 % |
|------------------|--|-------------------|---------------|
| | ALTERNATIVES 5.92% (5.69%)¹ | | |
| | Alternative Strategies 5.92% (5.69%)¹ | | |
| 3,860,000 | JP Morgan Structured Products 0.0% 10/09/2024 ² | 3,274,319 | 1.98 |
| 3,888,000 | SG Defensive Short Term Equity Strategy 0.00% 2023 ² | 3,186,122 | 1.93 |
| 3,798 | UBS 0.00% 10/20/2027 | 352,707 | 0.21 |
| 32,000 | UBS AG London 2027 | 2,971,724 | 1.80 |
| | | 9,784,872 | 5.92 |
| | EQUITY 8.24% (5.74%)¹ | | |
| | North America 4.09% (3.88%)¹ | | |
| 25,893 | Berkshire Hathaway | 6,747,802 | 4.09 |
| | United Kingdom 4.15% (1.86%)¹ | | |
| 9,132 | Goldman Sachs International 2024 | 6,847,811 | 4.15 |
| | FORWARD CURRENCY CONTRACTS 0.10% (-0.80%)¹ | | |
| €1,304,534 | Vs £(1,143,385) Expiry 20.10.2023 | (10,040) | (0.01) |
| €2,200,000 | Vs £(1,959,129) Expiry 20.10.2023 | (47,827) | (0.03) |
| €2,884,565 | Vs £(2,560,340) Expiry 20.10.2023 | (54,306) | (0.03) |
| €(2,200,000) | Vs £1,945,020 Expiry 20.10.2023 | 33,718 | 0.02 |
| €(1,304,534) | Vs £1,157,904 Expiry 20.10.2023 | 24,560 | 0.01 |
| US\$(34,005,999) | Vs £27,844,671 Expiry 14.07.2023 | 366,314 | 0.23 |
| ¥1,984,999,999 | Vs £(11,810,661) Expiry 17.11.2023 | (50,817) | (0.03) |
| US\$10,900,000 | Vs £(8,788,692) Expiry 14.07.2023 | 18,991 | 0.01 |
| US\$10,610,992 | Vs £(8,688,454) Expiry 14.07.2023 | (114,302) | (0.07) |
| | | 166,291 | 0.10 |
| | COLLECTIVE INVESTMENT SCHEMES 75.39% (83.88%)¹ | | |
| | Ireland 2.35% (19.38%)¹ | | |
| 613,990 | iShares MSCI USA ESG Screened UCITS ETF | 3,874,434 | 2.35 |
| | Japan 3.79% (0.00%)¹ | | |
| 4,409,570 | M&G Japan Fund Sterling | 6,251,447 | 3.79 |
| | Luxembourg 19.51% (26.32%)¹ | | |
| 26,999 | AQR - Managed Futures UCITS Fund | 3,209,918 | 1.94 |
| 56,507 | BlackRock Global Funds - World Mining Fund | 3,077,366 | 1.86 |
| 27,831 | BlackRock Strategic Funds - Global Event Driven Fund | 3,160,201 | 1.91 |
| 93,695 | BlueBay Financial Capital Bond | 8,635,843 | 5.23 |
| 2,148 | Candriam Absolute Return Equity Market Neutral | 3,275,142 | 1.99 |
| 25,579 | Fulcrum Equity Dispersion Fund | 3,185,570 | 1.93 |
| 19,648 | RWC Global Emerging Markets | 3,859,662 | 2.34 |
| 154,849 | Schroder ISF Asian Opportunities | 3,819,258 | 2.31 |
| | | 32,222,960 | 19.51 |
| | North America 11.77% (0.00%)¹ | | |
| 54,096 | AB SICAV I - International Health Care Portfolio | 7,929,456 | 4.80 |
| 381,238 | Baillie Gifford Worldwide Health Innovation Fund | 3,240,179 | 1.96 |
| 72,564 | Barings Emerging Markets Debt Blended Total Return | 8,272,270 | 5.01 |
| | | 19,441,905 | 11.77 |

7IM SELECT MODERATELY ADVENTUROUS FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2023

| | | Value £ | 31.05.23 % |
|----------------|--|--------------------|---------------|
| Holding | Portfolio of Investment | | |
| | COLLECTIVE INVESTMENT SCHEMES 75.39% (83.88%)¹ (continued) | | |
| | United Kingdom 37.97% (38.18%)¹ | | |
| 9,400,365 | Fidelity Investment Funds ICVC - UK Select Fund | 10,171,195 | 6.16 |
| 2,079,222 | iShares Global Property Securities Index | 4,406,589 | 2.67 |
| 3,651,197 | LF Lightman European Fund I Accumulation | 5,158,045 | 3.12 |
| 606,374 | LF Odey Absolute Return | 3,019,680 | 1.83 |
| 2,980,816 | Man GLG Income Fund | 10,176,506 | 6.17 |
| 5,935,787 | Ninety One Funds Series III - Global Environment Fund | 9,081,754 | 5.50 |
| 1,748,095 | Premier Miton European Opportunities | 4,840,475 | 2.93 |
| 17,569,406 | Schroder Prime UK Equity Fund | 9,571,812 | 5.80 |
| 624,779 | T. Rowe Price Funds OEIC Japanese Equity | 6,251,475 | 3.79 |
| | | 62,677,531 | 37.97 |
| | Portfolio of investment | 148,015,053 | 89.65 |
| | Net other assets ³ | 17,088,971 | 10.35 |
| | Net assets | 165,104,024 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Structured product.

³ Includes shares in the Northern Trust Global Sterling Fund to the value of £8,232,627 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

| | 31.05.23 % | 31.05.22 % |
|---------------------------|---------------|---------------|
| Credit Quality | | |
| Non-rated debt securities | 5.93 | 5.69 |
| Other investments | 83.72 | 88.82 |
| Net other assets | 10.35 | 5.49 |
| | 100.00 | 100.00 |

7IM SELECT MODERATELY ADVENTUROUS FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|-------------|---------------|-------------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (808,544) | | (5,713,426) |
| Revenue | 5 | 2,046,086 | | 1,363,804 | |
| Expenses | 6 | (1,197,232) | | (1,062,430) | |
| Interest payable and similar charges | 8 | (2) | | (2,403) | |
| Net revenue before taxation for the year | | 848,852 | | 298,971 | |
| Taxation | 7 | (12,682) | | (4,355) | |
| Net revenue after taxation for the year | | | 836,170 | | 294,616 |
| Total return before distributions | | | 27,626 | | (5,418,810) |
| Distributions | 8 | | (850,781) | | (306,739) |
| Change in net assets attributable to shareholders from investment activities | | | (823,155) | | (5,725,549) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|--------------|---------------|--------------|---------------|
| Opening net assets attributable to shareholders | | 140,964,770 | | 116,038,151 |
| Amounts received on creation of shares | 53,645,668 | | 50,608,141 | |
| Amounts paid on cancellation of shares ¹ | (29,541,830) | | (20,256,309) | |
| | | 24,103,838 | | 30,351,832 |
| Change in net assets attributable to shareholders from investment activities | | (823,155) | | (5,725,549) |
| Retained distribution on accumulation shares | | 858,571 | | 300,336 |
| Closing net assets attributable to shareholders | | 165,104,024 | | 140,964,770 |

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 111 to 121 are an integral part of these financial statements.

7IM SELECT MODERATELY ADVENTUROUS FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|--------------------|--------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 148,292,345 | 134,476,917 |
| Current assets: | | | |
| Debtors | 9 | 522,511 | 822,477 |
| Cash and bank balances | 10 | 8,558,357 | 7,198,084 |
| Cash equivalents | 10 | 8,232,627 | – |
| Total assets | | 165,605,840 | 142,497,478 |
| LIABILITIES | | | |
| Investment liabilities | | (277,292) | (1,246,191) |
| Creditors: | | | |
| Bank overdrafts | 10 | (1) | (7,497) |
| Distribution payable | 8 | (5,961) | (1,243) |
| Other creditors | 11 | (218,562) | (277,777) |
| Total liabilities | | (501,816) | (1,532,708) |
| Net assets attributable to shareholders | | 165,104,024 | 140,964,770 |

The notes on pages 111 to 121 are an integral part of these financial statements.

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|------------------|--------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | 890,263 | (4,208,468) |
| Derivative contracts | – | 270,646 |
| Forward currency contracts | (1,894,102) | (1,758,039) |
| Currency gains/(losses) | 128,665 | (68,186) |
| Transaction charges | (7,656) | (10,345) |
| AMC rebates from underlying investments | 73,571 | 60,930 |
| CSDR penalty | – | 36 |
| CSDR penalty reimbursement | 715 | – |
| Net capital losses | <u>(808,544)</u> | <u>(5,713,426)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|------------------|------------------|
| | £ | £ |
| Non-taxable dividends | 1,384,063 | 966,214 |
| Taxable dividends | 629,581 | 537,989 |
| Unfranked interest | (99,901) | (159,951) |
| AMC rebates from underlying investments | 43,972 | 17,640 |
| Bank interest | 88,371 | 1,912 |
| Total revenue | <u>2,046,086</u> | <u>1,363,804</u> |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 | 31.05.22 |
|---|------------------|------------------|
| | £ | £ |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 1,108,095 | 984,306 |
| Other expenses | 5,632 | 4,217 |
| | <u>1,113,727</u> | <u>988,523</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 24,492 | 21,709 |
| Safe custody and other bank charges | 22,644 | 17,793 |
| | <u>47,136</u> | <u>39,502</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,410 |
| Dealing and exchange fees | 1,971 | 1,947 |
| FCA and other regulatory fees | 162 | 160 |
| Legal and professional fees | 1,212 | 1,610 |
| Market data fees | 3,993 | 5,754 |
| Printing, postage and distribution costs | 10,079 | 9,371 |
| Risk analysis fees | 9,881 | 8,153 |
| | <u>36,369</u> | <u>34,405</u> |
| Total expenses | <u>1,197,232</u> | <u>1,062,430</u> |

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| <i>a) Analysis of charge for the year</i> | | |
| Irrecoverable CIS income tax | 12,682 | 4,355 |
| Current tax charge (note 7b) | 12,682 | 4,355 |
| Total taxation | 12,682 | 4,355 |
| <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%) (2022: 20%) for the reasons explained below. | | |
| Net revenue before taxation | 848,852 | 298,971 |
| Corporation tax at 20% | 169,770 | 59,794 |
| Effects of: | | |
| AMC rebates taken to capital | 14,714 | 12,186 |
| Franked CIS revenue | (188,469) | – |
| Irrecoverable CIS income tax w/off | 12,682 | 4,355 |
| Non-taxable dividends | – | (194,273) |
| Offshore CIS revenue | (89,691) | – |
| Unutilised excess management expenses | 93,676 | 122,293 |
| Total tax charge (note 7a) | 12,682 | 4,355 |

c) Deferred tax

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £363,300 (2022: £269,624) 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:

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Interim | 612,760 | 271,918 |
| Final ¹ | 268,290 | 45,587 |
| | 881,050 | 317,505 |
| Add: Revenue deducted on cancellation of shares | 42,022 | 6,874 |
| Deduct: Revenue received on issue of shares | (72,291) | (17,640) |
| Net distributions for the year | 850,781 | 306,739 |
| Interest payable and similar charges | 2 | 2,403 |
| Total distribution | 850,783 | 309,142 |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 122 and 123.

| | 31.05.23 | 31.05.22 |
|--|-----------------|-----------------|
| | £ | £ |
| Distributions represented by: | | |
| Net revenue after taxation | 836,170 | 294,616 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 14,714 | 12,186 |
| Net movement in revenue account | (103) | (63) |
| Net distributions for the year | <u>850,781</u> | <u>306,739</u> |

¹ Distribution payable at the year end of £5,961 (2022: £1,243) are disclosed in the Balance Sheet on page 110.

² Please refer to Note 2(i) Distribution Policy on page 11 for further details.

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts receivable for issue of shares | 461,245 | 769,232 |
| Accrued revenue | 17,376 | 743 |
| Income tax recoverable | 13,081 | 3,814 |
| AMC rebates from underlying investments | 30,809 | 48,688 |
| Total debtors | <u>522,511</u> | <u>822,477</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|-------------------|------------------|
| | £ | £ |
| Cash and bank balances | 8,558,349 | 7,198,084 |
| Cash held at clearing houses | 8 | – |
| Cash equivalents | 8,232,627 | – |
| Total cash and bank balances | <u>16,790,984</u> | <u>7,198,084</u> |
| Bank overdrafts | – | (7,497) |
| Cash overdraft at clearing houses | (1) | – |
| Total bank overdrafts | <u>(1)</u> | <u>(7,497)</u> |

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|-----------------|-----------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 74,307 | 164,091 |
| Accrued expenses | 144,255 | 113,686 |
| Total other creditors | <u>218,562</u> | <u>277,777</u> |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

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 £103,365 (2022: £86,236).

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 109. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £461,245 (2022: £769,232) and £74,307 (2022: £164,091), 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 98.79% (2022: 99.42%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £22,494,566 (2022: £25,963,587). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £17,760 and £5,961, accordingly.

13 Classes of Shares

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

| | |
|---------|-------|
| Class C | 0.75% |
| Class S | 0.50% |

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 4,470,235 | 111,041 | (1,173,054) | – | 3,408,222 |
| Class C Accumulation | 115,396,483 | 46,397,153 | (24,093,260) | – | 137,700,376 |
| Class S Accumulation | 6,609,313 | 1,477,824 | (1,228,029) | – | 6,859,108 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | – | – | 5,550,681 | 5,550,681 |
| Japanese yen | – | – | 11,759,843 | 11,759,843 |
| US dollar | 9,784,872 | – | 38,671,141 | 48,456,013 |
| Pound sterling | 16,790,984 | – | 148,244,690 | 165,035,674 |
| | 26,575,856 | – | 204,226,355 | 230,802,211 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|---------------------|
| Euro | – | – | (3,044,646) | (3,044,646) |
| US dollar | (1) | – | (27,478,357) | (27,478,358) |
| Pound sterling | – | – | (35,175,183) | (35,175,183) |
| | (1) | – | (65,698,186) | (65,698,187) |

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | 2,374 | – | – | 2,374 |
| US dollar | 5,123 | 8,017,665 | 32,011,029 | 40,033,817 |
| Pound sterling | 7,190,587 | – | 115,672,855 | 122,863,442 |
| | 7,198,084 | 8,017,665 | 147,683,884 | 162,899,633 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|---------------------|
| Euro | (2,374) | – | (1,180,510) | (1,182,884) |
| Japanese yen | – | – | (87,009) | (87,009) |
| US dollar | (5,123) | – | (18,985,164) | (18,990,287) |
| Pound sterling | – | – | (1,674,683) | (1,674,683) |
| | (7,497) | – | (21,927,366) | (21,934,863) |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

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

| Currency | Fixed Rate Financial Assets | | | |
|-----------|--------------------------------|----------|---|----------|
| | Weighted average interest rate | | Weighted average period for which rate is fixed | |
| | 31.05.23 | 31.05.22 | 31.05.23 | 31.05.22 |
| | % | % | Years | Years |
| US dollar | (2.09) | 0.85 | 2 | 2 |

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2023, the average effective duration was 0.50 years (31 May 2022: 0.52 years).

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

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

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|-------------|
| Euro | – | (1,180,510) | (1,180,510) |
| Japanese yen | – | (87,009) | (87,009) |
| US dollar | – | 21,043,530 | 21,043,530 |
| | – | 19,776,011 | 19,776,011 |
| Pound sterling | 7,734,044 | 113,454,715 | 121,188,759 |
| Net assets | 7,734,044 | 133,230,726 | 140,964,770 |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 23%, 63% and 38% respectively (31 May 2022: 17%, 42% and 21% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts. 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 | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|----------------|--------------------|
| Forward Currency Contracts | | |
| Northern Trust | 166,291 | (1,127,993) |
| Total net exposure¹ | <u>166,291</u> | <u>(1,127,993)</u> |

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

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 2023 | | | | |
| Assets | | | | |
| Bonds | – | 9,784,872 | – | 9,784,872 |
| Collective Investment Schemes | 63,157,543 | 61,310,734 | – | 124,468,277 |
| Derivatives | – | 443,583 | – | 443,583 |
| Equities | 6,747,802 | 6,847,811 | – | 13,595,613 |
| Total | 69,905,345 | 78,387,000 | – | 148,292,345 |
| Liabilities | | | | |
| Derivatives | – | (277,292) | – | (277,292) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Bonds | – | 8,017,665 | – | 8,017,665 |
| Collective Investment Schemes | 81,018,605 | 37,232,837 | – | 118,251,442 |
| Derivatives | – | 118,198 | – | 118,198 |
| Equities | 5,463,303 | 2,626,309 | – | 8,089,612 |
| Total | 86,481,908 | 47,995,009 | – | 134,476,917 |
| Liabilities | | | | |
| Derivatives | – | (1,246,191) | – | (1,246,191) |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

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 100.

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 | 4,725 | – | – | – | – | – |
| Collective Investment Schemes | 84,176 | – | – | – | – | – |
| Derivatives | 7,000 | – | – | – | – | – |
| Equities | 3,646 | – | – | – | – | – |
| Total | 99,547 | – | – | – | – | – |
| Sales | | | | | | |
| Bonds | 4,137 | – | – | – | – | – |
| Collective Investment Schemes | 66,644 | – | – | – | – | – |
| Derivatives | 3,271 | – | – | – | – | – |
| Equities | 6,230 | – | – | – | – | – |
| Total | 80,282 | – | – | – | – | – |
| 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 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 13,141 | – | – | – | – | – |
| Collective Investment Schemes | 152,296 | – | – | – | – | – |
| Derivatives | 3,315 | – | – | – | – | – |
| Equities | 10,197 | – | – | – | – | – |
| Total | 178,949 | – | – | – | – | – |
| Sales | | | | | | |
| Bonds | 11,822 | – | – | – | – | – |
| Collective Investment Schemes | 122,804 | – | – | – | – | – |
| Derivatives | 5,690 | – | – | – | – | – |
| Equities | 15,000 | (1) | – | (1) | (0.01) | – |
| Total | 155,316 | (1) | – | (1) | (0.01) | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

7IM SELECT MODERATELY ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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% (2022: 0.05%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 111.54p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 112.99p. This represents an increase of 1.30% from the year end value.

7IM SELECT MODERATELY ADVENTUROUS FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class C Income | | | | |
| Group 1 | 0.4545 | – | 0.4545 | 0.2095 |
| Group 2 | 0.2782 | 0.1763 | 0.4545 | 0.2095 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.4567 | – | 0.4567 | 0.2150 |
| Group 2 | 0.3218 | 0.1349 | 0.4567 | 0.2150 |

| | Net Revenue | Equalisation | Paid 31.01.23 ¹ | Paid 31.01.22 |
|-----------------------|-------------|--------------|-------------------------------|------------------|
| Class S Income | | | | |
| Group 1 | – | – | – | 0.3583 |
| Group 2 | – | – | – | 0.3583 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.5822 | – | 0.5822 | 0.3610 |
| Group 2 | 0.3086 | 0.2736 | 0.5822 | 0.3610 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class C Income | | | | |
| Group 1 | 0.1749 | – | 0.1749 | 0.0278 |
| Group 2 | 0.1749 | – | 0.1749 | 0.0278 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.1739 | – | 0.1739 | 0.0288 |
| Group 2 | 0.0158 | 0.1581 | 0.1739 | 0.0288 |

7IM SELECT MODERATELY ADVENTUROUS FUND

DISTRIBUTION TABLES (continued) for the year ended 31 May 2023

Final - in pence per share (continued)

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.3334 | – | 0.3334 | 0.1681 |
| Group 2 | 0.1569 | 0.1765 | 0.3334 | 0.1681 |

¹ Share class became inactive on 31 March 2022. As a result, no distributions were paid.

Equalisation

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

7IM SELECT ADVENTUROUS FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

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

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed-ended funds and exchange traded funds (ETFs), other transferable securities such as warrants and structured products and also money market funds and money market instruments used for liquidity management as cover for investment in futures contracts.

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

The Sub-fund's underlying investments will be focused on assets with scope for capital growth including equities.

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

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

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 0.16%¹.

Comparator Benchmark

The Sub-fund outperformed its IA sector performance comparator benchmark (ARC Sterling Steady Growth / Equity Risk PCI) over the last year. The Sub-fund benefitted from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The main detractor was an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse. The 1 year and 3 year relative performance to the benchmark was 1.66%, 5.91% respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

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

71M SELECT ADVENTUROUS FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month, Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

Going into August 2022, our worldview was turning more negative. Our belief was that economic data was likely to weaken and equity markets would respond by moving sideways with some volatility. In order to position portfolios for this market outcome, we moved our portfolios underweight equity relative to our SAA.

During September 2022, we further reduced the headline equity beta of our portfolios to an even more underweight position relative to our SAA. This was in line with our core view that a global manufacturing downturn is unavoidable and economic fundamentals are set to decline.

7IM SELECT ADVENTUROUS FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

During September 2022, we also removed the remaining part of our value tilt. This position was in place to benefit from a cyclical upturn, something we no longer believe will happen soon. This position went into a combination of cash and our Berkshire Hathaway allocation which is better placed to benefit from the economic conditions we see going forward.

During October 2022, we unwound our tactical emerging market overweight. Our original case for the emerging market overweight was that the global economy would rebound after COVID-19. This has happened and it now looks as though the global economy is heading for/already in recession mode.

Lastly, in October 2022, we increased our allocation to AT1s with the outlook for equity uncertain, we see AT1s as a very attractive asset to own. They are yielding well over 10%, and we still do not see significant default or extension risk in the bonds.

In December 2022, we further reduced our headline equity beta. Our base case view of the world for 2023 was that a recession was more likely than not. In this environment, we would not expect equities to perform well.

In January 2023, we introduced a metals and mining trade. We have a lot of conviction in this trade as a long-term theme. The amount of metal needed to get to net zero is vast, and the nature of mining means that supply cannot increase in line with this. Mining companies are likely to benefit. Furthermore, the companies are cheap and produce very healthy dividends.

During March 2023, we also added to our climate change position. The trade had underperformed over the past few months, we still have a lot of conviction in the long term case for the position and since it had sold off, the valuations looked more attractive than they had in the past.

In April 2023, we trimmed our put selling position. The position had performed well versus the S&P - the allocation it is funded from - and a general fall in volatility means that the base level of returns from the strategy that are available are lower.

During May 2023, we split our intraday trend strategy such that it now uses both the S&P and Nasdaq 100 index. This further diversifies our alternatives basket.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM SELECT ADVENTUROUS FUND

FUND INFORMATION

The Comparative Tables on pages 128 to 131 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM SELECT ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 114.78 | 117.32 | 97.49 |
| Return before operating charges* | 1.85 | (0.87) | 21.55 |
| Operating charges (calculated on average price) | (1.62) | (1.67) | (1.72) |
| Return after operating charges* | 0.23 | (2.54) | 19.83 |
| Distributions on income shares | (0.40) | – | – |
| Closing net asset value per share | 114.61 | 114.78 | 117.32 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.20% | (2.17)% | 20.34% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|--------|--------|--------|
| Closing net asset value (£'000) | 88 | 56 | 58 |
| Closing number of shares | 76,541 | 49,044 | 49,044 |
| Operating charges ³ | 1.41% | 1.42% | 1.61% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 121.62 | 122.47 | 117.20 |
| Lowest share price | 108.03 | 110.05 | 96.77 |

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 SELECT ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 114.81 | 117.34 | 97.51 |
| Return before operating charges* | 1.84 | (0.86) | 21.58 |
| Operating charges (calculated on average price) | (1.62) | (1.67) | (1.75) |
| Return after operating charges* | 0.22 | (2.53) | 19.83 |
| Distributions | (0.40) | – | – |
| Retained distributions on accumulation shares | 0.40 | – | – |
| Closing net asset value per share | 115.03 | 114.81 | 117.34 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.19% | (2.16)% | 20.34% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 33,555 | 30,555 | 23,805 |
| Closing number of shares | 29,170,811 | 26,614,543 | 20,288,337 |
| Operating charges ³ | 1.41% | 1.42% | 1.61% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 121.89 | 122.49 | 117.21 |
| Lowest share price | 108.05 | 110.07 | 96.78 |

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 SELECT ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 113.75 | 116.69 | 98.06 |
| Return before operating charges* | 2.13 | (0.24) | 21.36 |
| Operating charges (calculated on average price) | (1.34) | (1.37) | (1.45) |
| Return after operating charges* | 0.79 | (1.61) | 19.91 |
| Distributions on income shares | (0.79) | (1.33) | (1.28) |
| Closing net asset value per share | 113.75 | 113.75 | 116.69 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.69% | (1.38)% | 20.30% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|--------|-------|-------|
| Closing net asset value (£'000) | 97 | – | – |
| Closing number of shares | 85,233 | 102 | 102 |
| Operating charges ³ | 1.16% | 1.17% | 1.36% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 120.82 | 122.10 | 116.61 |
| Lowest share price | 107.02 | 109.21 | 97.00 |

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 SELECT ADVENTUROUS FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class S Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 (pence per share) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 115.60 | 117.86 | 97.72 |
| Return before operating charges* | 1.87 | (0.87) | 21.63 |
| Operating charges (calculated on average price) | (1.35) | (1.39) | (1.49) |
| Return after operating charges* | 0.52 | (2.26) | 20.14 |
| Distributions | (0.69) | (0.26) | (0.11) |
| Retained distributions on accumulation shares | 0.69 | 0.26 | 0.11 |
| Closing net asset value per share | 116.12 | 115.60 | 117.86 |
| * After direct transaction costs of: ¹ | 0.00 | 0.00 | 0.00 |

Performance

| | | | |
|-----------------------------------|-------|---------|--------|
| Return after charges ² | 0.45% | (1.92)% | 20.61% |
|-----------------------------------|-------|---------|--------|

Other Information

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 3,541 | 3,178 | 3,184 |
| Closing number of shares | 3,050,078 | 2,748,896 | 2,701,691 |
| Operating charges ³ | 1.16% | 1.17% | 1.36% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 122.95 | 123.18 | 117.73 |
| Lowest share price | 108.81 | 110.82 | 97.00 |

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 SELECT ADVENTUROUS FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

| | Class C | Class S |
|------------------------------------|----------------|----------------|
| ACD's periodic charge | 0.75% | 0.50% |
| Other expenses | 0.20% | 0.20% |
| | <hr/> | <hr/> |
| | 0.95% | 0.70% |
| Collective investment scheme costs | 0.46% | 0.46% |
| Ongoing Charges Figure | <hr/> | <hr/> |
| | 1.41% | 1.16% |

As at 31 May 2022

| | Class C | Class S |
|------------------------------------|----------------|----------------|
| ACD's periodic charge | 0.75% | 0.50% |
| Other expenses | 0.21% | 0.21% |
| | <hr/> | <hr/> |
| | 0.96% | 0.71% |
| Collective investment scheme costs | 0.46% | 0.46% |
| Ongoing Charges Figure | <hr/> | <hr/> |
| | 1.42% | 1.17% |

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25, May 2022, the Sub-fund suspended its securities lending programme.

7IM SELECT ADVENTUROUS FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was five.

Fund performance to 31 May 2023 (%)

| | 1 year | 3 years | Since Launch |
|---|--------|---------|--------------|
| 7IM Select Adventurous Fund ^{1, 2} | 0.16 | 18.09 | 15.02 |

¹ Source: Bloomberg.

² The Sub-fund launched on 12 July 2019.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 149 and 150.

7IM SELECT ADVENTUROUS FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| Holding | Portfolio of Investment | Value £ | 31.05.23 % |
|-----------------|--|-------------------|---------------|
| | ALTERNATIVES 5.59% (2.91%)¹ | | |
| | Alternative Strategies 5.59% (2.91%)¹ | | |
| 850,000 | JP Morgan Structured Products 0.00% 10/09/2024 ² | 721,028 | 1.93 |
| 967,000 | SG Defensive Short Term Equity Strategy 0.00% 2023 ² | 792,433 | 2.13 |
| 6,124 | UBS AG London 2027 | 568,714 | 1.53 |
| | | 2,082,175 | 5.59 |
| | EQUITY 9.42% (7.23%)¹ | | |
| | North America 5.32% (4.94%)¹ | | |
| 7,610 | Berkshire Hathaway | 1,983,192 | 5.32 |
| | United Kingdom 4.10% (2.29%)¹ | | |
| 2,037 | Goldman Sachs International 2024 | 1,527,485 | 4.10 |
| | FORWARD CURRENCY CONTRACTS 0.02% (-0.35%)¹ | | |
| €311,728 | Vs £(273,220) Expiry 20.10.2023 | (2,399) | (0.01) |
| €635,000 | Vs £(565,476) Expiry 20.10.2023 | (13,805) | (0.04) |
| €878,367 | Vs £(779,639) Expiry 20.10.2023 | (16,536) | (0.04) |
| €(635,000) | Vs £561,404 Expiry 20.10.2023 | 9,732 | 0.03 |
| €(311,728) | Vs £276,690 Expiry 20.10.2023 | 5,869 | 0.02 |
| ¥(29,815,000) | Vs £177,398 Expiry 17.11.2023 | 763 | – |
| US\$(6,525,000) | Vs £5,342,777 Expiry 14.07.2023 | 70,288 | 0.19 |
| ¥574,499,999 | Vs £(3,418,249) Expiry 17.11.2023 | (14,708) | (0.04) |
| US\$3,058,321 | Vs £(2,504,203) Expiry 14.07.2023 | (32,944) | (0.09) |
| | | 6,260 | 0.02 |
| | COLLECTIVE INVESTMENT SCHEMES 82.83% (83.82%)¹ | | |
| | Ireland 6.51% (16.24%)¹ | | |
| 206,644 | Baillie Gifford Worldwide Health Innovation Fund | 1,756,288 | 4.71 |
| 106,471 | iShares MSCI USA ESG Screened UCITS ETF | 671,859 | 1.80 |
| | | 2,428,147 | 6.51 |
| | Japan 4.11% (0.00%)¹ | | |
| 1,081,229 | M&G Japan Fund Sterling | 1,532,858 | 4.11 |
| | Luxembourg 27.20% (24.22%)¹ | | |
| 11,260 | AB SICAV I - International Health Care Portfolio | 1,650,475 | 4.43 |
| 4,928 | AQR - Managed Futures UCITS Fund | 585,908 | 1.57 |
| 16,718 | BlackRock Global Funds - World Mining Fund | 910,450 | 2.44 |
| 6,707 | BlackRock Strategic Funds - Global Event Driven Fund | 761,550 | 2.04 |
| 21,249 | BlueBay Financial Capital Bond | 1,958,554 | 5.25 |
| 364 | Candriam Absolute Return Equity Market Neutral | 554,807 | 1.49 |
| 6,373 | Fulcrum Equity Dispersion Fund | 793,744 | 2.13 |
| 7,542 | RWC Global Emerging Markets | 1,481,485 | 3.97 |
| 58,709 | Schroder ISF Asian Opportunities | 1,448,023 | 3.88 |
| | | 10,144,996 | 27.20 |
| | United Kingdom 45.01% (43.36%)¹ | | |
| 2,398,495 | Fidelity Investment Funds ICVC - UK Select Fund | 2,595,172 | 6.96 |
| 806,745 | iShares Global Property Securities Index | 1,709,770 | 4.59 |
| 857,112 | LF Lightman European Fund I Accumulation | 1,210,842 | 3.25 |
| 149,383 | LF Odey Absolute Return | 743,912 | 2.00 |

7IM SELECT ADVENTUROUS FUND

PORTFOLIO STATEMENT (continued)

as at 31 May 2023

| | | Value | 31.05.23 |
|-----------|--|-------------------|---------------|
| Holding | Portfolio of Investment | £ | % |
| | COLLECTIVE INVESTMENT SCHEMES 82.83% (83.82%)¹ (continued) | | |
| | United Kingdom 45.01% (43.36%)¹ (continued) | | |
| 786,072 | Man GLG Income Fund | 2,683,649 | 7.19 |
| 1,705,079 | Ninety One Funds Series III - Global Environment Fund | 2,608,770 | 7.00 |
| 404,711 | Premier Miton European Opportunities | 1,120,644 | 3.01 |
| 4,702,302 | Schroder Prime UK Equity Fund | 2,561,814 | 6.87 |
| 154,190 | T. Rowe Price Funds OEIC Japanese Equity | 1,542,810 | 4.14 |
| | | 16,777,383 | 45.01 |
| | Portfolio of investment | 36,482,496 | 97.86 |
| | Net other assets ³ | 798,883 | 2.14 |
| | Net assets | 37,281,379 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Structured product.

³ Includes shares in the Northern Trust Global Sterling Fund to the value of £1,539 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

| | 31.05.23 | 31.05.22 |
|---------------------------|---------------|---------------|
| Credit Quality | % | % |
| Non-rated debt securities | 5.59 | 2.91 |
| Other investments | 92.27 | 90.70 |
| Net other assets | 2.14 | 6.39 |
| | 100.00 | 100.00 |

7IM SELECT ADVENTUROUS FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|-----------|---------------|-----------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (133,341) | | (921,651) |
| Revenue | 5 | 447,155 | | 281,515 | |
| Expenses | 6 | (319,982) | | (283,869) | |
| Interest payable and similar charges | 8 | (1) | | (609) | |
| Net revenue/(expense) before taxation for the year | | 127,172 | | (2,963) | |
| Taxation | 7 | (3,963) | | (1,010) | |
| Net revenue/(expense) after taxation for the year | | | 123,209 | | (3,973) |
| Total return before distributions | | | (10,132) | | (925,624) |
| Distributions | 8 | | (127,593) | | (6,968) |
| Change in net assets attributable to shareholders from investment activities | | | (137,725) | | (932,592) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|-------------|---------------|-------------|---------------|
| Opening net assets attributable to shareholders | | 33,789,189 | | 27,047,432 |
| Amounts received on creation of shares ¹ | 10,176,385 | | 12,195,009 | |
| Amounts paid on cancellation of shares ¹ | (6,678,665) | | (4,528,540) | |
| | | 3,497,720 | | 7,666,469 |
| Dilution levy | | 815 | | 873 |
| Change in net assets attributable to shareholders from investment activities | | (137,725) | | (932,592) |
| Retained distribution on accumulation shares | | 131,380 | | 7,007 |
| Closing net assets attributable to shareholders | | 37,281,379 | | 33,789,189 |

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 138 to 148 are an integral part of these financial statements.

7IM SELECT ADVENTUROUS FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 36,562,888 | 31,754,022 |
| Current assets: | | | |
| Debtors | 9 | 15,228 | 19,425 |
| Cash and bank balances | 10 | 1,221,189 | 2,267,860 |
| Cash equivalents | 10 | 1,539 | 1,501 |
| Total assets | | 37,800,844 | 34,042,808 |
| LIABILITIES | | | |
| Investment liabilities | | (80,392) | (125,228) |
| Creditors: | | | |
| Bank overdrafts | 10 | (49) | (9,054) |
| Distribution payable | 8 | (429) | – |
| Other creditors | 11 | (438,595) | (119,337) |
| Total liabilities | | (519,465) | (253,619) |
| Net assets attributable to shareholders | | 37,281,379 | 33,789,189 |

The notes on pages 138 to 148 are an integral part of these financial statements.

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|------------------|------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | 258,853 | (785,237) |
| Derivative contracts | – | 49,842 |
| Forward currency contracts | (453,439) | (185,151) |
| Currency gains/(losses) | 45,097 | (8,651) |
| Transaction charges | (5,970) | (7,983) |
| CSDR penalty reimbursement | 162 | 13 |
| AMC rebates from underlying investments | 21,956 | 15,516 |
| Net capital losses | <u>(133,341)</u> | <u>(921,651)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Non-taxable dividends | 388,628 | 263,211 |
| Taxable dividends | 35,497 | 12,901 |
| Unfranked interest | (1,172) | 656 |
| AMC rebates from underlying investments | 9,723 | 4,251 |
| Bank interest | 14,479 | 496 |
| Total revenue | <u>447,155</u> | <u>281,515</u> |

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 £ | 31.05.22 £ |
|---|----------------|----------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 254,595 | 227,295 |
| Other expenses | 5,632 | 4,217 |
| | <u>260,227</u> | <u>231,512</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 6,312 | 5,668 |
| Safe custody and other bank charges | 19,769 | 14,595 |
| | <u>26,081</u> | <u>20,263</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,410 |
| Dealing and exchange fees | 767 | 697 |
| FCA and other regulatory fees | 160 | 160 |
| Legal and professional fees | 1,211 | 1,602 |
| Market data fees | 3,993 | 5,754 |
| Printing, postage and distribution costs | 8,591 | 8,318 |
| Risk analysis fees | 9,881 | 8,153 |
| | <u>33,674</u> | <u>32,094</u> |
| Total expenses | <u>319,982</u> | <u>283,869</u> |

¹The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| a) <i>Analysis of charge for the year</i> | | |
| Irrecoverable CIS income tax | 3,963 | 1,010 |
| Current tax charge (note 7b) | 3,963 | 1,010 |
| Total taxation | 3,963 | 1,010 |

b) *Factors affecting tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2022: 20%) for the reasons explained below.

| | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|---------------|---------------|
| Net revenue/(expense) before taxation | 127,172 | (2,963) |
| Corporation tax at 20% | 25,434 | (593) |
| Effects of: | | |
| AMC rebates taken to capital | 4,391 | 3,103 |
| Franked CIS revenue | – | (37,717) |
| Irrecoverable CIS income tax w/off | 3,963 | 1,010 |
| Non-taxable dividends | (77,725) | – |
| Offshore CIS revenue | – | (14,912) |
| Unutilised excess management expenses | 47,900 | 50,119 |
| Total tax charge (note 7a) | 3,963 | 1,010 |

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £145,703 (2022: £97,803) 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:

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| Interim | 72,413 | 435 |
| Final ¹ | 59,574 | 6,573 |
| | 131,987 | 7,008 |
| Add: Revenue deducted on cancellation of shares | 6,910 | 166 |
| Deduct: Revenue received on issue of shares | (11,304) | (206) |
| Net distributions for the year | 127,593 | 6,968 |
| Interest payable and similar charges | 1 | 609 |
| Total distribution | 127,594 | 7,577 |

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 149 and 150.

| | 31.05.23 | 31.05.22 |
|--|-----------------|-----------------|
| | £ | £ |
| Distributions represented by: | | |
| Net revenue/(expense) after taxation | 123,209 | (3,973) |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 4,391 | 3,103 |
| Income deficit | – | 7,838 |
| Net movement in revenue account | (7) | – |
| Net distributions for the year | <u>127,593</u> | <u>6,968</u> |

¹Distribution payable at the year end of £429 (2022: £Nil) are disclosed in the Balance Sheet on page 137.

²Please refer to note 2(i) Distributions policy on page 11 for further details.

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts receivable for issue of shares | 90 | 3,919 |
| Accrued revenue | 2,434 | 191 |
| Income tax recoverable | 4,011 | 884 |
| AMC rebates from underlying investments | 8,693 | 14,431 |
| Total debtors | <u>15,228</u> | <u>19,425</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Cash and bank balances | 1,221,139 | 2,267,855 |
| Cash held at clearing houses | 50 | 5 |
| Cash equivalents | 1,539 | 1,501 |
| Total cash and bank balances | <u>1,222,728</u> | <u>2,269,361</u> |
| Bank overdrafts | – | (9,054) |
| Cash overdraft at clearing houses | (49) | – |
| Total bank overdrafts | <u>(49)</u> | <u>(9,054)</u> |

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|----------|----------|
| | £ | £ |
| Amounts payable for cancellation of shares | 386,019 | 77,998 |
| Accrued expenses | 52,576 | 41,339 |
| Total other creditors | 438,595 | 119,337 |

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees was £23,159 (2022: £20,609).

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 136. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £90 (2022: £3,919) and £386,019 (2022: £77,998), 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 97.10% (2022: 90.49%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £3,651,440 (2022: £5,669,206). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £179 and £346, accordingly.

13 Classes of Shares

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

| | |
|---------|-------|
| Class C | 0.75% |
| Class S | 0.50% |

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 49,044 | 27,497 | – | – | 76,541 |
| Class C Accumulation | 26,614,543 | 7,711,122 | (5,154,854) | – | 29,170,811 |
| Class S Income | 102 | 85,131 | – | – | 85,233 |
| Class S Accumulation | 2,748,896 | 937,013 | (635,831) | – | 3,050,078 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | – | – | 1,585,594 | 1,585,594 |
| Japanese yen | – | – | 3,403,542 | 3,403,542 |
| US dollar | – | 2,082,176 | 8,101,817 | 10,183,993 |
| Pound sterling | 1,222,728 | – | 35,136,997 | 36,359,725 |
| | 1,222,728 | 2,082,176 | 48,227,950 | 51,532,854 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|---------------------|
| Euro | – | – | (822,492) | (822,492) |
| Japanese yen | – | – | (176,635) | (176,635) |
| US dollar | (49) | – | (5,272,490) | (5,272,539) |
| Pound sterling | – | – | (7,979,809) | (7,979,809) |
| | (49) | – | (14,251,426) | (14,251,475) |

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | 411 | – | 341,929 | 342,340 |
| US dollar | 91 | 981,972 | 6,719,696 | 7,701,759 |
| Pound sterling | 2,268,858 | – | 26,418,058 | 28,686,916 |
| | 2,269,360 | 981,972 | 33,479,683 | 36,731,015 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|--------------------|
| Euro | (411) | – | (282,091) | (282,502) |
| Japanese yen | – | – | (186,632) | (186,632) |
| US dollar | (91) | – | (2,005,251) | (2,005,342) |
| Pound sterling | (8,552) | – | (458,798) | (467,350) |
| | (9,054) | – | (2,932,772) | (2,941,826) |

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

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

| Currency | Fixed Rate Financial Assets | | | |
|-----------|--------------------------------|----------|---|----------|
| | Weighted average interest rate | | Weighted average period for which rate is fixed | |
| | 31.05.23 | 31.05.22 | 31.05.23 | 31.05.22 |
| | % | % | Years | Years |
| US dollar | (2.18) | 1.77 | 2 | 2 |

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 31 May 2023, the average effective duration was 0.20 years (31 May 2022: 0.01 years).

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

| Currency | Monetary Exposure | Non-Monetary Exposure | Total |
|----------------|-------------------|-----------------------|------------|
| | £ | £ | £ |
| Euro | – | 763,102 | 763,102 |
| Japanese yen | – | 3,226,907 | 3,226,907 |
| US dollar | (49) | 4,911,503 | 4,911,454 |
| | (49) | 8,901,512 | 8,901,463 |
| Pound sterling | 798,932 | 27,580,984 | 28,379,916 |
| Net assets | 798,883 | 36,482,496 | 37,281,379 |

Foreign currency risk exposure as at 31 May 2022

| Currency | Monetary Exposure | Non-Monetary Exposure | Total |
|----------------|-------------------|-----------------------|------------|
| | £ | £ | £ |
| Euro | – | 59,838 | 59,838 |
| Japanese yen | – | (186,632) | (186,632) |
| US dollar | – | 5,696,417 | 5,696,417 |
| | – | 5,569,623 | 5,569,623 |
| Pound sterling | 2,160,396 | 26,059,170 | 28,219,566 |
| Net assets | 2,160,396 | 31,628,793 | 33,789,189 |

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.

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii Derivatives (continued)

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 13%, 61% and 36% respectively (31 May 2022: 7%, 25% and 12% 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. 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 | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|---------------|------------------|
| Forward Currency Contracts | | |
| Northern Trust | 6,260 | (119,581) |
| Total net exposure¹ | 6,260 | (119,581) |

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 SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value

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

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

Level 1

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

Level 2

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

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

Level 3

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

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

| 31 May 2023 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|---------------------|---------------------|---------------------|-------------------|
| Assets | | | | |
| Bonds | – | 2,082,175 | – | 2,082,175 |
| Collective Investment Schemes | 17,632,130 | 13,251,254 | – | 30,883,384 |
| Derivatives | – | 86,652 | – | 86,652 |
| Equities | 3,510,677 | – | – | 3,510,677 |
| Total | 21,142,807 | 15,420,081 | – | 36,562,888 |
| Liabilities | | | | |
| Derivatives | – | (80,392) | – | (80,392) |

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

| 31 May 2022 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|-------------------|-------------------|--------------|-------------------|
| Assets | | | | |
| Bonds | – | 981,972 | – | 981,972 |
| Collective Investment Schemes | 20,031,397 | 8,293,087 | – | 28,324,484 |
| Derivatives | – | 5,646 | – | 5,646 |
| Equities | 1,669,476 | 772,444 | – | 2,441,920 |
| Total | 21,700,873 | 10,053,149 | – | 31,754,022 |
| Liabilities | | | | |
| Derivatives | – | (125,228) | – | (125,228) |

16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 127.

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

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|-------------------------------|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 1,342 | – | – | – | – | – |
| Collective Investment Schemes | 19,292 | – | – | – | – | – |
| Derivatives | 1,539 | – | – | – | – | – |
| Equities | 622 | – | – | – | – | – |
| Total | 22,795 | – | – | – | – | – |

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|-------------------------------|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Sales | | | | | | |
| Bonds | 411 | – | – | – | – | – |
| Collective Investment Schemes | 15,211 | – | – | – | – | – |
| Derivatives | 884 | – | – | – | – | – |
| Equities | 2,220 | – | – | – | – | – |
| Total | 18,726 | – | – | – | – | – |

| | | | |
|---|--------------|--------------|--------------|
| Total as a percentage of the average NAV | 0.00% | 0.00% | 0.00% |
|---|--------------|--------------|--------------|

7IM SELECT ADVENTUROUS FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31 May 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Bonds | 681 | – | – | – | – | – |
| Collective Investment Schemes | 35,992 | – | – | – | – | – |
| Derivatives | 918 | – | – | – | – | – |
| Equities | 3,676 | – | – | – | – | – |
| Total | 41,267 | – | – | – | – | – |
| | | | | | | |
| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
| Sales | | | | | | |
| Bonds | 101 | – | – | – | – | – |
| Collective Investment Schemes | 30,102 | – | – | – | – | – |
| Derivatives | 1,593 | – | – | – | – | – |
| Equities | 4,128 | – | – | – | – | – |
| Total | 35,924 | – | – | – | – | – |
| 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 0.01% (2022: 0.06%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 115.02p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 116.00p. This represents an increase of 0.85% from the year end value.

7IM SELECT ADVENTUROUS FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 ¹ |
|-----------------------|-------------|--------------|------------------|-------------------------------|
| Class C Income | | | | |
| Group 1 | 0.2323 | – | 0.2323 | – |
| Group 2 | 0.2043 | 0.0280 | 0.2323 | – |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 ¹ |
|-----------------------------|-------------|--------------|-----------------------|------------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.2297 | – | 0.2297 | – |
| Group 2 | 0.1994 | 0.0303 | 0.2297 | – |

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class S Income | | | | |
| Group 1 | 0.4412 | – | 0.4412 | 0.9903 |
| Group 2 | 0.4412 | – | 0.4412 | 0.9903 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.3738 | – | 0.3738 | 0.0162 |
| Group 2 | 0.3149 | 0.0589 | 0.3738 | 0.0162 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 ¹ |
|-----------------------|-------------|--------------|------------------|-------------------------------|
| Class C Income | | | | |
| Group 1 | 0.1681 | – | 0.1681 | – |
| Group 2 | 0.1681 | – | 0.1681 | – |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 ¹ |
|-----------------------------|-------------|--------------|-----------------------|------------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.1696 | – | 0.1696 | – |
| Group 2 | 0.0031 | 0.1665 | 0.1696 | – |

7IM SELECT ADVENTUROUS FUND

DISTRIBUTION TABLES (continued) for the year ended 31 May 2023

Final - in pence per share (continued)

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class S Income | | | | |
| Group 1 | 0.3518 | – | 0.3518 | 0.3432 |
| Group 2 | 0.0778 | 0.2740 | 0.3518 | 0.3432 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class S Accumulation | | | | |
| Group 1 | 0.3171 | – | 0.3171 | 0.2391 |
| Group 2 | 0.1412 | 0.1759 | 0.3171 | 0.2391 |

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

Equalisation

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

7IM PATHBUILDER 1 FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

7IM Pathbuilder 1 Fund aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 1 Fund is at the lowest end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 45% to 90% of its assets to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade, and 5% to 50% to equities. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

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

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

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

Investment Manager's Report

Performance Report

In the reporting period, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of (2.3)%¹.

Comparator Benchmark

The Sub-Fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-Fund has met its investment objective. The Sub-Fund's returns will be published on www.7im.co.uk.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

¹ Calculated using 7IM Pathbuilder 1 Fund C Acc, published prices. Source: NTRS.

7IM PATHBUILDER 1 FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our SAA process.

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

7IM PATHBUILDER 1 FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM PATHBUILDER 1 FUND

FUND INFORMATION

The Comparative Tables on pages 155 to 156 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM PATHBUILDER 1 FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 ¹ (pence per share) |
|---|----------------------------------|----------------------------------|---|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 93.84 | 100.63 | 100.00 |
| Return before operating charges* | (1.77) | (5.06) | 1.32 |
| Operating charges (calculated on average price) | (0.32) | (0.36) | (0.17) |
| Return after operating charges* | (2.09) | (5.42) | 1.15 |
| Distributions on income shares | (1.81) | (1.37) | (0.52) |
| Closing net asset value per share | 89.94 | 93.84 | 100.63 |
| * After direct transaction costs of: ² | 0.00 | 0.00 | (0.05) |

Performance

| | | | |
|-----------------------------------|---------|---------|-------|
| Return after charges ³ | (2.23)% | (5.39)% | 1.15% |
|-----------------------------------|---------|---------|-------|

Other Information

| | | | |
|---------------------------------|---------|--------|---------|
| Closing net asset value (£'000) | 41 | 39 | 22 |
| Closing number of shares | 45,492 | 41,128 | 21,403 |
| Operating charges ⁴ | 0.35% | 0.36% | 0.35% |
| Direct transaction costs | (0.01)% | 0.00% | (0.05)% |

Prices

| | | | |
|---------------------|-------|--------|--------|
| Highest share price | 94.66 | 104.61 | 101.58 |
| Lowest share price | 85.83 | 92.66 | 98.89 |

¹ The Sub-fund launched on 9 December 2020.

² 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.

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

⁴ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 157.

7IM PATHBUILDER 1 FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 ¹ (pence per share) |
|---|----------------------------------|----------------------------------|---|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 95.67 | 101.16 | 100.00 |
| Return before operating charges* | (1.80) | (5.12) | 1.33 |
| Operating charges (calculated on average price) | (0.32) | (0.37) | (0.17) |
| Return after operating charges* | (2.12) | (5.49) | 1.16 |
| Distributions | (1.86) | (1.39) | (0.63) |
| Retained distributions on accumulation shares | 1.86 | 1.39 | 0.63 |
| Closing net asset value per share | 93.55 | 95.67 | 101.16 |
| * After direct transaction costs of: ² | 0.00 | 0.00 | (0.05) |

Performance

| | | | |
|-----------------------------------|---------|---------|-------|
| Return after charges ³ | (2.22)% | (5.43)% | 1.16% |
|-----------------------------------|---------|---------|-------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 10,582 | 12,605 | 12,233 |
| Closing number of shares | 11,311,667 | 13,176,566 | 12,093,555 |
| Operating charges ⁴ | 0.35% | 0.36% | 0.35% |
| Direct transaction costs | (0.01)% | 0.00% | (0.05)% |

Prices

| | | | |
|---------------------|-------|--------|--------|
| Highest share price | 96.50 | 105.16 | 101.59 |
| Lowest share price | 87.50 | 93.68 | 98.90 |

¹ The Sub-fund launched on 9 December 2020.

² 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.

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

⁴ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 157.

7IM PATHBUILDER 1 FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ² | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.08% |
| Ongoing Charges Figure | <hr/> 0.35% |

As at 31 May 2022

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ² | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.09% |
| Ongoing Charges Figure | <hr/> 0.36% |

¹ The Sub-fund launched on 9 December 2020.

² Other expenses is capped at 0.05%.

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 1 FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was four.

Fund performance to 31 May 2023 (%)

| | 1 year | Since Launch |
|---------------------------------------|--------|--------------|
| 7IM Pathbuilder 1 Fund ^{1,2} | (2.33) | (6.46) |

¹ Source: Bloomberg.

² The Sub-fund launched on 9 December 2020.

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

Details of the distributions per share for the year are shown in the Distribution Tables on page 171.

7IM PATHBUILDER 1 FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| | | Value | 31.05.23 |
|-----------------|--|-------------------|---------------|
| | | £ | % |
| Holding | Portfolio of Investment | | |
| | FUTURES CONTRACTS 0.04% (0.06%)¹ | | |
| | United States 0.04% (0.06%)¹ | | |
| 13 | MSCI Emerging Markets Index Futures June 2023 | 3,811 | 0.04 |
| | FORWARD CURRENCY CONTRACTS 0.08% (-3.11%)¹ | | |
| €700,000 | Vs £(621,320) Expiry 20.10.2023 | (13,179) | (0.12) |
| €(717,919) | Vs £637,224 Expiry 20.10.2023 | 13,516 | 0.13 |
| US\$(3,530,000) | Vs £2,890,422 Expiry 14.07.2023 | 38,025 | 0.36 |
| US\$2,810,000 | Vs £(2,300,874) Expiry 14.07.2023 | (30,269) | (0.29) |
| | | 8,093 | 0.08 |
| | COLLECTIVE INVESTMENT SCHEMES 94.69% (91.95%)¹ | | |
| | Ireland 45.13% (51.17%)¹ | | |
| 684,010 | BNY Mellon Global - BNY Mellon Efficient Global High Yield Beta Fund | 663,421 | 6.24 |
| 72,050 | HSBC Global Funds ICAV - Global Government Bond Index Fund | 545,919 | 5.14 |
| 19,316 | iShares Global Inflation-Linked Bond Index | 213,449 | 2.01 |
| 189,325 | iShares MSCI USA ESG Screened UCITS ETF | 1,259,201 | 11.85 |
| 422,365 | Legal & General Emerging Markets Government Bond USD Index Fund | 384,141 | 3.62 |
| 16,334 | Vanguard ESG Global Corporate Bond Index Fund | 1,728,097 | 16.27 |
| | | 4,794,228 | 45.13 |
| | Japan 4.30% (0.00%)¹ | | |
| 587,840 | Legal & General Japan Index Trust | 456,634 | 4.30 |
| | Luxembourg 3.79% (0.00%)¹ | | |
| 3,984 | Lyxor Core UK Government Bond (DR) UCITS ETF | 402,663 | 3.79 |
| | United Kingdom 41.47% (40.78%)¹ | | |
| 820,295 | Fidelity Investment Funds ICVC - Index UK Fund | 1,313,292 | 12.36 |
| 39,253 | HSBC Index Tracker Investment Funds - European Index Fund | 483,622 | 4.55 |
| 1,734,826 | iShares ESG Overseas Corporate Bond Index Fund (UK) | 1,838,489 | 17.30 |
| 188,932 | iShares Global Property Securities Index | 400,411 | 3.77 |
| 576,433 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc | 370,589 | 3.49 |
| | | 4,406,403 | 41.47 |
| | Portfolio of investment | 10,071,832 | 94.81 |
| | Net other assets ² | 551,136 | 5.19 |
| | Net assets | 10,622,968 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Includes shares in the Northern Trust Global Sterling Fund to the value of £256,751 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

7IM PATHBUILDER 1 FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|----------|---------------|----------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (542,926) | | (964,830) |
| Revenue | 5 | 274,106 | | 239,877 | |
| Expenses | 6 | (22,142) | | (26,693) | |
| Interest payable and similar charges | 8 | (318) | | (388) | |
| Net revenue before taxation for the year | | 251,646 | | 212,796 | |
| Taxation | 7 | (35,413) | | (33,723) | |
| Net revenue after taxation for the year | | | 216,233 | | 179,073 |
| Total return before distributions | | | (326,693) | | (785,757) |
| Distributions | 8 | | (216,501) | | (179,323) |
| Change in net assets attributable to shareholders from investment activities | | | (543,194) | | (965,080) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|-------------|---------------|-------------|---------------|
| Opening net assets attributable to shareholders | | 12,644,463 | | 12,255,475 |
| Amounts received on creation of shares ¹ | 1,515,845 | | 4,014,997 | |
| Amounts paid on cancellation of shares ¹ | (3,206,973) | | (2,839,510) | |
| | | (1,691,128) | | 1,175,487 |
| Dilution levy | | 557 | | – |
| Change in net assets attributable to shareholders from investment activities | | (543,194) | | (965,080) |
| Retained distribution on accumulation shares | | 212,270 | | 178,581 |
| Closing net assets attributable to shareholders | | 10,622,968 | | 12,644,463 |

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

The notes on pages 162 to 170 are an integral part of these financial statements.

7IM PATHBUILDER 1 FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 10,115,280 | 11,702,279 |
| Current assets: | | | |
| Debtors | 9 | 77,140 | 74,243 |
| Cash and bank balances | 10 | 303,972 | 1,386,441 |
| Cash equivalents | 10 | 256,751 | 250,481 |
| Total assets | | 10,753,143 | 13,413,444 |
| LIABILITIES | | | |
| Investment liabilities | | (43,448) | (461,915) |
| Creditors: | | | |
| Bank overdrafts | 10 | (2,407) | (77,803) |
| Distribution payable | 8 | (417) | (322) |
| Other creditors | 11 | (83,903) | (228,941) |
| Total liabilities | | (130,175) | (768,981) |
| Net assets attributable to shareholders | | 10,622,968 | 12,644,463 |

The notes on pages 162 to 170 are an integral part of these financial statements.

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|------------------|------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | (180,783) | (231,926) |
| Derivative contracts | (81,481) | (142,811) |
| Forward currency contracts | (263,528) | (538,610) |
| Currency losses | (10,721) | (41,448) |
| Transaction charges | (7,784) | (11,258) |
| AMC rebates from underlying investments | 1,371 | 1,223 |
| Net capital losses | <u>(542,926)</u> | <u>(964,830)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Non-taxable dividends | 76,034 | 45,404 |
| Taxable dividends | 189,975 | 190,261 |
| AMC rebates from underlying investments | 2,593 | 2,690 |
| Bank interest | 5,504 | 1,522 |
| Total revenue | <u>274,106</u> | <u>239,877</u> |

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 £ | 31.05.22 £ |
|---|-----------------|-----------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 24,371 | 28,494 |
| Other expenses | 3,737 | 2,342 |
| | <u>28,108</u> | <u>30,836</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 1,993 | 2,254 |
| Safe custody and other bank charges | 13,398 | 13,879 |
| | <u>15,391</u> | <u>16,133</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,410 |
| Dealing and exchange fees | 931 | 800 |
| FCA and other regulatory fees | 150 | 168 |
| Market data fees | 3,993 | 5,754 |
| Printing, postage and distribution costs | 9,123 | 8,239 |
| Risk analysis fees | 9,881 | 8,153 |
| Subsidy of other expenses by the ACD | (54,506) | (50,800) |
| | <u>(21,357)</u> | <u>(20,276)</u> |
| Total expenses | <u>22,142</u> | <u>26,693</u> |

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| a) <i>Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 35,413 | 33,723 |
| Current tax charge (note 7b) | 35,413 | 33,723 |
| Total taxation | <u>35,413</u> | <u>33,723</u> |
| b) <i>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%) (2022: 20%) for the reasons explained below. | | |
| Net revenue before taxation | 251,646 | 212,796 |
| Corporation tax at 20% | 50,329 | 42,559 |
| Effects of: | | |
| AMC rebates taken to capital | 275 | 245 |
| Non-taxable dividends | (15,191) | (9,081) |
| Total tax charge (note 7a) | <u>35,413</u> | <u>33,723</u> |

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a no potential deferred tax asset (2022: none).

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions

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

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Interim | 105,925 | 74,184 |
| Final ¹ | 107,131 | 104,904 |
| | <u>213,056</u> | <u>179,088</u> |
| Add: Revenue deducted on cancellation of shares | 13,551 | 14,686 |
| Deduct: Revenue received on issue of shares | (10,106) | (14,451) |
| Net distributions for the year | <u>216,501</u> | <u>179,323</u> |
| Interest payable and similar charges | 318 | 388 |
| Total distribution | <u>216,819</u> | <u>179,711</u> |

Details of the distributions per share are set out in the table on page 171.

| | | |
|--|----------------|----------------|
| Distributions represented by: | | |
| Net revenue after taxation | 216,233 | 179,073 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 274 | 245 |
| Net movement in revenue account | (6) | 5 |
| Net distributions for the year | <u>216,501</u> | <u>179,323</u> |

¹ Distribution payable at the year end of £417 (2022: £322) are disclosed in the Balance Sheet on page 161.

² Please refer to Note 2(i) Distribution Policy on page 11 for further details.

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts receivable for issue of shares | 100 | 390 |
| Accrued revenue | 18,899 | 17,099 |
| Income tax recoverable | 2,554 | 1,713 |
| AMC rebates from underlying investments | 1,081 | 4,241 |
| Prepaid expenses | 54,506 | 50,800 |
| Total debtors | <u>77,140</u> | <u>74,243</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|-----------------|------------------|
| | £ | £ |
| Cash and bank balances | 296,387 | 1,344,527 |
| Cash held at clearing houses | 7,585 | 41,914 |
| Cash equivalents | 256,751 | 250,481 |
| Total cash and bank balances | <u>560,723</u> | <u>1,636,922</u> |
| Bank overdrafts | (2,407) | (77,735) |
| Cash overdraft at clearing houses | – | (68) |
| Total bank overdrafts | <u>(2,407)</u> | <u>(77,803)</u> |

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|---------------|----------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 7,077 | 159,562 |
| Purchases awaiting settlement | 18,199 | 17,052 |
| Accrued expenses | 23,215 | 18,604 |
| Corporation tax payable | 35,412 | 33,723 |
| Total other creditors | <u>83,903</u> | <u>228,941</u> |

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 £2,006 (2022: £2,369).

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 160. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £100 (2022: £390) and £7,077 (2022: £159,562), 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 89.72% (2022: 87.49%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£1,544,139) (2022: (£286,656)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £680 and £394, accordingly.

13 Classes of Shares

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

Class C 0.22%

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 41,128 | 5,392 | (1,028) | – | 45,492 |
| Class C Accumulation | 13,176,566 | 1,620,739 | (3,485,637) | (1) | 11,311,667 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

15 Risks Disclosures

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

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 2023

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|--|---|--|--------------------|
| Euro | – | – | 608,142 | 608,142 |
| US dollar | 2,529 | – | 3,033,784 | 3,036,313 |
| Pound sterling | 558,194 | – | 12,905,346 | 13,463,540 |
| | 560,723 | – | 16,547,272 | 17,107,995 |
| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
| Euro | – | – | (623,709) | (623,709) |
| US dollar | (2,407) | – | (2,852,397) | (2,854,804) |
| Pound sterling | – | – | (3,006,514) | (3,006,514) |
| | (2,407) | – | (6,482,620) | (6,485,027) |

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|--|---|--|--------------------|
| US dollar | 77,735 | – | 4,765,669 | 4,843,404 |
| Pound sterling | 1,559,186 | – | 15,073,864 | 16,633,050 |
| | 1,636,921 | – | 19,839,533 | 21,476,454 |
| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
| Euro | – | – | (649,665) | (649,665) |
| Japanese yen | – | – | (64,474) | (64,474) |
| US dollar | (77,804) | – | (6,210,323) | (6,288,127) |
| Pound sterling | – | – | (1,829,725) | (1,829,725) |
| | (77,804) | – | (8,754,187) | (8,831,991) |

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

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|------------|
| Euro | – | (15,567) | (15,567) |
| US dollar | 122 | 181,387 | 181,509 |
| | 122 | 165,820 | 165,942 |
| Pound sterling | 551,014 | 9,906,012 | 10,457,026 |
| Net assets | 551,136 | 10,071,832 | 10,622,968 |

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|-------------|
| Euro | – | (649,665) | (649,665) |
| Japanese yen | – | (64,474) | (64,474) |
| US dollar | (68) | (1,444,655) | (1,444,723) |
| | (68) | (2,158,794) | (2,158,862) |
| Pound sterling | 1,404,167 | 13,399,158 | 14,803,325 |
| Net assets | 1,404,099 | 11,240,364 | 12,644,463 |

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 48%, 83% and 66% respectively (2022: 50%, 150% and 70% respectively).

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

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

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives (continued)

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|---------------|---------------|
| Futures Contracts | | |
| Goldman Sachs | 3,811 | 7,417 |
| Forward Currency Contracts | | |
| Northern Trust | 8,093 | (392,747) |
| Total net exposure¹ | 11,904 | (385,330) |

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

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

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

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|------------------|------------------|--------------|-------------------|
| 31 May 2023 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 4,484,802 | 5,575,126 | – | 10,059,928 |
| Derivatives | 3,811 | 51,541 | – | 55,352 |
| Total | 4,488,613 | 5,626,667 | – | 10,115,280 |
| Liabilities | | | | |
| Derivatives | – | (43,448) | – | (43,448) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 5,037,618 | 6,588,076 | – | 11,625,694 |
| Derivatives | 7,417 | 69,168 | – | 76,585 |
| Total | 5,045,035 | 6,657,244 | – | 11,702,279 |
| Liabilities | | | | |
| Derivatives | – | (461,915) | – | (461,915) |

16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 154.

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

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 4,294 | – | – | – | – | – |
| Equities | 734 | – | – | – | – | – |
| Total | 5,028 | – | – | – | – | – |
| | | | | | | |
| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
| Sales | | | | | | |
| Collective Investment Schemes | 5,942 | – | – | – | – | – |
| Equities | 684 | – | – | – | – | – |
| Total | 6,626 | – | – | – | – | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

7IM PATHBUILDER 1 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the period ended 31 May 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 10,004 | – | – | – | – | – |
| Equities | 1,883 | – | – | – | – | – |
| Total | 11,887 | – | – | – | – | – |
| Sales | | | | | | |
| Collective Investment Schemes | 10,201 | – | – | – | – | – |
| Equities | 1,586 | – | – | – | – | – |
| Total | 11,787 | – | – | – | – | – |
| 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% (2022: 0.15%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 93.54p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 95.18p. This represents an increase of 1.75% from the year end value.

7IM PATHBUILDER 1 FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 0.8958 | – | 0.8958 | 0.5891 |
| Group 2 | 0.7033 | 0.1925 | 0.8958 | 0.5891 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.9127 | – | 0.9127 | 0.5922 |
| Group 2 | 0.5903 | 0.3224 | 0.9127 | 0.5922 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 0.9174 | – | 0.9174 | 0.7828 |
| Group 2 | 0.2171 | 0.7003 | 0.9174 | 0.7828 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.9434 | – | 0.9434 | 0.7937 |
| Group 2 | 0.2425 | 0.7009 | 0.9434 | 0.7937 |

Equalisation

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

7IM PATHBUILDER 2 FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

7IM Pathbuilder 2 Fund aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 2 Fund is at the lower end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 33% to 73% of its assets to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade, and 24% to 64% to equities. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

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

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

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

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of (0.27)%¹.

Comparator Benchmark

The Sub-Fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-Fund has met its investment objective. The Sub-Fund's returns will be published on www.7im.co.uk.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

¹ Calculated using 7IM Pathbuilder 2 Fund C Acc, published prices. Source: NTRS.

7IM PATHBUILDER 2 FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our SAA process.

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

7IM PATHBUILDER 2 FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM PATHBUILDER 2 FUND

FUND INFORMATION

The Comparative Tables on pages 176 to 177 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM PATHBUILDER 2 FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 ¹ (pence per share) |
|---|----------------------------------|----------------------------------|---|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 98.82 | 102.50 | 100.00 |
| Return before operating charges* | 0.14 | (1.98) | 3.37 |
| Operating charges (calculated on average price) | (0.34) | (0.37) | (0.17) |
| Return after operating charges* | (0.20) | (2.35) | 3.20 |
| Distributions on income shares | (1.99) | (1.33) | (0.70) |
| Closing net asset value per share | 96.63 | 98.82 | 102.50 |
| * After direct transaction costs of: ² | 0.00 | 0.00 | (0.01) |

Performance

| | | | |
|-----------------------------------|---------|---------|-------|
| Return after charges ³ | (0.20)% | (2.29)% | 3.20% |
|-----------------------------------|---------|---------|-------|

Other Information

| | | | |
|---------------------------------|-----------|-----------|---------|
| Closing net asset value (£'000) | 1,616 | 1,278 | 153 |
| Closing number of shares | 1,672,635 | 1,293,606 | 149,516 |
| Operating charges ⁴ | 0.35% | 0.36% | 0.36% |
| Direct transaction costs | 0.00% | 0.00% | (0.01)% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 100.59 | 108.58 | 103.71 |
| Lowest share price | 91.01 | 96.98 | 99.48 |

¹ The Sub-fund launched on 9 December 2020.

² 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.

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

⁴ 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 178.

7IM PATHBUILDER 2 FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 ¹ (pence per share) |
|---|----------------------------------|----------------------------------|---|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 100.81 | 103.20 | 100.00 |
| Return before operating charges* | 0.16 | (2.01) | 3.37 |
| Operating charges (calculated on average price) | (0.35) | (0.38) | (0.17) |
| Return after operating charges* | (0.19) | (2.39) | 3.20 |
| Distributions | (2.04) | (1.34) | (0.71) |
| Retained distributions on accumulation shares | 2.04 | 1.34 | 0.71 |
| Closing net asset value per share | 100.62 | 100.81 | 103.20 |
| * After direct transaction costs of: ² | 0.00 | 0.00 | (0.01) |

Performance

| | | | |
|-----------------------------------|---------|---------|-------|
| Return after charges ³ | (0.19)% | (2.32)% | 3.20% |
|-----------------------------------|---------|---------|-------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 47,693 | 52,171 | 42,607 |
| Closing number of shares | 47,399,770 | 51,753,215 | 41,284,167 |
| Operating charges ⁴ | 0.35% | 0.36% | 0.36% |
| Direct transaction costs | 0.00% | 0.00% | (0.01)% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 102.91 | 109.34 | 103.71 |
| Lowest share price | 92.84 | 98.06 | 99.48 |

¹ The Sub-fund launched on 9 December 2020.

² 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.

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

⁴ 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 178.

7IM PATHBUILDER 2 FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ¹ | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.08% |
| Ongoing Charges Figure | <hr/> 0.35% |

As at 31 May 2022

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ¹ | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.09% |
| Ongoing Charges Figure | <hr/> 0.36% |

¹ Other expenses is capped at 0.05%.

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 2 FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was four.

Fund performance to 31 May 2023 (%)

| | 1 Year | Since Launch |
|---------------------------------------|--------|--------------|
| 7IM Pathbuilder 2 Fund ^{1,2} | (0.27) | 0.64 |

¹ Source: Bloomberg.

² The Sub-fund launched on 9 December 2020.

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

Details of the distributions per share for the year are shown in the Distribution Tables on page 193.

7IM PATHBUILDER 2 FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| Holding | Portfolio of Investment | Value | 31.05.23 |
|------------------|--|-------------------|---------------|
| | | £ | % |
| | FUTURES CONTRACTS 0.04% (0.04%)¹ | | |
| | United States 0.04% (0.04%)¹ | | |
| 61 | MSCI Emerging Markets Index Futures June 2023 | 17,885 | 0.04 |
| | FORWARD CURRENCY CONTRACTS 0.06% (-1.68%)¹ | | |
| €944,630 | Vs £(825,696) Expiry 20.10.2023 | (5,027) | (0.01) |
| €900,000 | Vs £(798,840) Expiry 20.10.2023 | (16,944) | (0.03) |
| €(944,630) | Vs £838,453 Expiry 20.10.2023 | 17,783 | 0.04 |
| €(900,000) | Vs £786,686 Expiry 20.10.2023 | 4,789 | 0.01 |
| US\$(11,450,000) | Vs £9,375,447 Expiry 14.07.2023 | 123,341 | 0.24 |
| US\$(8,840,000) | Vs £7,103,854 Expiry 14.07.2023 | (39,259) | (0.08) |
| US\$9,300,000 | Vs £(7,473,511) Expiry 14.07.2023 | 41,302 | 0.08 |
| US\$8,840,000 | Vs £(7,238,337) Expiry 14.07.2023 | (95,224) | (0.19) |
| | | 30,761 | 0.06 |
| | COLLECTIVE INVESTMENT SCHEMES 90.94% (90.53%)¹ | | |
| | Ireland 35.00% (53.65%)¹ | | |
| 3,477,851 | BNY Mellon Global - BNY Mellon Efficient Global High Yield Beta Fund | 3,373,168 | 6.84 |
| 256,195 | HSBC Global Funds ICAV - Global Government Bond Index Fund | 1,941,192 | 3.94 |
| 88,945 | iShares Global Inflation-Linked Bond Index | 982,898 | 1.99 |
| 1,430,999 | iShares MSCI USA ESG Screened UCITS ETF | 9,517,574 | 19.31 |
| 1,585,628 | Legal & General Emerging Markets Government Bond USD Index Fund | 1,442,128 | 2.92 |
| | | 17,256,960 | 35.00 |
| | Luxembourg 3.80% (0.00%)¹ | | |
| 18,557 | Lyxor Core UK Government Bond (DR) UCITS ETF | 1,875,556 | 3.80 |
| | United Kingdom 52.14% (36.88%)¹ | | |
| 5,414,747 | Fidelity Investment Funds ICVC - Index UK Fund | 8,669,010 | 17.58 |
| 283,913 | HSBC Index Tracker Investment Funds - European Index Fund | 3,497,951 | 7.09 |
| 6,371,945 | iShares ESG Overseas Corporate Bond Index Fund (UK) | 6,752,693 | 13.69 |
| 848,435 | iShares Global Property Securities Index | 1,798,127 | 3.65 |
| 383,158 | iShares UK Equity Index Fund UK | 1,029,256 | 2.09 |
| | Legal & General Emerging Markets Government Bond Local Currency | | |
| 2,281,921 | Index Fund Acc | 1,467,047 | 2.98 |
| 3,212,927 | Legal & General Japan Index Trust | 2,495,802 | 5.06 |
| | | 25,709,886 | 52.14 |
| | Portfolio of investment | 44,891,048 | 91.04 |
| | Net other assets | 4,418,241 | 8.96 |
| | Net assets | 49,309,289 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

7IM PATHBUILDER 2 FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|-----------|---------------|-----------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (1,255,681) | | (2,093,916) |
| Revenue | 5 | 1,287,952 | | 821,416 | |
| Expenses | 6 | (128,602) | | (115,603) | |
| Interest payable and similar charges | 8 | (2,880) | | (3,142) | |
| Net revenue before taxation for the year | | 1,156,470 | | 702,671 | |
| Taxation | 7 | (114,773) | | (79,039) | |
| Net revenue after taxation for the year | | | 1,041,697 | | 623,632 |
| Total return before distributions | | | (213,984) | | (1,470,284) |
| Distributions | 8 | | (1,042,236) | | (624,448) |
| Change in net assets attributable to shareholders from investment activities | | | (1,256,220) | | (2,094,732) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|--------------|---------------|-------------|---------------|
| Opening net assets attributable to shareholders | | 53,449,284 | | 42,759,876 |
| Amounts received on creation of shares ¹ | 10,846,677 | | 21,541,903 | |
| Amounts paid on cancellation of shares ¹ | (14,715,079) | | (9,421,283) | |
| | | (3,868,402) | | 12,120,620 |
| Change in net assets attributable to shareholders from investment activities | | (1,256,220) | | (2,094,732) |
| Retained distribution on accumulation shares | | 984,627 | | 663,520 |
| Closing net assets attributable to shareholders | | 49,309,289 | | 53,449,284 |

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 183 to 192 are an integral part of these financial statements.

7IM PATHBUILDER 2 FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|-------------------|--------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 45,047,502 | 48,603,226 |
| Current assets: | | | |
| Debtors | 9 | 350,892 | 445,459 |
| Cash and bank balances | 10 | 2,500,485 | 4,412,181 |
| Cash equivalents | 10 | 2,000,000 | 2,000,000 |
| Total assets | | 49,898,879 | 55,460,866 |
| LIABILITIES | | | |
| Investment liabilities | | (156,454) | (1,093,708) |
| Creditors: | | | |
| Bank overdrafts | 10 | (1) | (270,489) |
| Distribution payable | 8 | (20,309) | (11,272) |
| Other creditors | 11 | (412,826) | (636,113) |
| Total liabilities | | (589,590) | (2,011,582) |
| Net assets attributable to shareholders | | 49,309,289 | 53,449,284 |

The notes on pages 183 to 192 are an integral part of these financial statements.

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|--------------------|--------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | (84,846) | (124,527) |
| Derivative contracts | (335,928) | (540,545) |
| Forward currency contracts | (788,493) | (1,293,167) |
| Currency losses | (40,418) | (125,857) |
| Transaction charges | (8,810) | (13,872) |
| CSDR penalty reimbursement | 57 | – |
| AMC rebates from underlying investments | 2,757 | 4,052 |
| Net capital losses | <u>(1,255,681)</u> | <u>(2,093,916)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|------------------|----------------|
| | £ | £ |
| Non-taxable dividends | 585,361 | 311,529 |
| Taxable dividends | 677,558 | 505,089 |
| AMC rebates from underlying investments | 3,619 | 3,560 |
| Bank interest | 21,414 | 1,238 |
| Total revenue | <u>1,287,952</u> | <u>821,416</u> |

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 £ | 31.05.22 £ |
|---|----------------|-----------------|
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 111,915 | 105,950 |
| Other expenses | 3,737 | 2,342 |
| | <u>115,652</u> | <u>108,292</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 8,303 | 8,360 |
| Safe custody and other bank charges | 12,384 | 14,267 |
| | <u>20,687</u> | <u>22,627</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,410 |
| Dealing and exchange fees | 2,238 | 2,219 |
| FCA and other regulatory fees | 168 | 168 |
| Market data fees | 4,351 | 5,754 |
| Printing, postage and distribution costs | 11,465 | 7,834 |
| Risk analysis fees | 9,881 | 8,153 |
| Subsidy of other expenses by the ACD | (44,911) | (46,854) |
| | <u>(7,737)</u> | <u>(15,316)</u> |
| Total expenses | <u>128,602</u> | <u>115,603</u> |

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| a) <i>Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 114,773 | 79,039 |
| Current tax charge (note 7b) | 114,773 | 79,039 |
| Total taxation | 114,773 | 79,039 |

b) *Factors affecting tax charge for the year/period*

The tax assessed for the year/period differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2022: 20%) for the reasons explained below.

| | 31.05.23 £ | 31.05.22 £ |
|------------------------------|---------------|---------------|
| Net revenue before taxation | 1,156,470 | 702,671 |
| Corporation tax at 20% | 231,294 | 140,534 |
| Effects of: | | |
| AMC rebates taken to capital | 551 | 810 |
| Franked CIS revenue | – | – |
| Non-taxable dividends | (117,072) | (62,305) |
| Total tax charge (note 7a) | 114,773 | 79,039 |

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a no potential deferred tax asset (2022: none).

8 Distributions

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

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| Interim | 403,041 | 208,501 |
| Final ¹ | 612,285 | 467,114 |
| | 1,015,326 | 675,615 |
| Add: Revenue deducted on cancellation of shares | 87,412 | 33,548 |
| Deduct: Revenue received on issue of shares | (60,502) | (84,715) |
| Net distributions for the year | 1,042,236 | 624,448 |
| Interest payable and similar charges | 2,880 | 3,142 |
| Total distribution | 1,045,116 | 627,590 |

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on page 193.

| | 31.05.23 | 31.05.22 |
|--|------------------|-----------------|
| | £ | £ |
| Distributions represented by: | | |
| Net revenue after taxation | 1,041,697 | 623,632 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 551 | 810 |
| Net movement in revenue account | (12) | 6 |
| Net distributions for the year/period | <u>1,042,236</u> | <u>624,448</u> |

¹ Distribution payable at the year end of £20,309 (2022: £11,272) are disclosed in the Balance Sheet on page 182.

² Please refer to Note 2(i) Distribution Policy on page 11 for further details.

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts receivable for issue of shares | 176,876 | 297,527 |
| Accrued revenue | 114,972 | 90,701 |
| Income tax recoverable | 11,556 | 3,217 |
| AMC rebates from underlying investments | 2,577 | 7,160 |
| Prepaid expenses | 44,911 | 46,854 |
| Total debtors | <u>350,892</u> | <u>445,459</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Cash and bank balances | 2,464,895 | 4,223,989 |
| Cash held at clearing houses | 35,590 | 188,192 |
| Cash equivalents | 2,000,000 | 2,000,000 |
| Total cash and bank balances | <u>4,500,485</u> | <u>6,412,181</u> |
| Bank overdrafts | (1) | (270,217) |
| Cash overdraft at clearing houses | – | (272) |
| Total bank overdrafts | <u>(1)</u> | <u>(270,489)</u> |

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|-----------------|-----------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 148,166 | 437,298 |
| Purchases awaiting settlement | 114,972 | 90,566 |
| Accrued expenses | 34,915 | 29,210 |
| Corporation tax payable | 114,773 | 79,039 |
| Total other creditors | <u>412,826</u> | <u>636,113</u> |

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees was £9,209 (2022: £9,849).

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 181. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £176,876 (2022: £297,527) and £148,166 (2022: £437,298), 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 95.82% (2022: 97.03%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£3,890,082) (2022: £10,078,777). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £20,988 and £19,247, accordingly.

13 Classes of Shares

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

Class C 0.22%

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 1,293,606 | 392,390 | (13,361) | – | 1,672,635 |
| Class C Accumulation | 51,753,215 | 10,586,428 | (14,939,873) | – | 47,399,770 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | – | – | 1,602,566 | 1,602,566 |
| US dollar | 579 | – | 17,599,900 | 17,600,479 |
| Pound sterling | 4,499,906 | – | 60,373,644 | 64,873,550 |
| | 4,500,485 | – | 79,576,110 | 84,076,595 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|--------------------|
| Euro | – | – | (1,602,566) | (1,602,566) |
| US dollar | (1) | – | (16,395,220) | (16,395,221) |
| Pound sterling | – | – | (16,769,519) | (16,769,519) |
| | (1) | – | (34,767,305) | (34,767,306) |

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| US dollar | 270,216 | – | 15,651,157 | 15,921,373 |
| Pound sterling | 6,141,965 | – | 52,411,831 | 58,553,796 |
| | 6,412,181 | – | 68,062,988 | 74,475,169 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|--------------------|
| Euro | – | – | (854,823) | (854,823) |
| Japanese yen | – | – | (162,751) | (162,751) |
| US dollar | (270,489) | – | (16,184,959) | (16,455,448) |
| Pound sterling | – | – | (3,552,863) | (3,552,863) |
| | (270,489) | – | (20,755,396) | (21,025,885) |

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

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|------------|
| US dollar | 578 | 1,204,680 | 1,205,258 |
| | 578 | 1,204,680 | 1,205,258 |
| Pound sterling | 4,417,663 | 43,686,368 | 48,104,031 |
| Net assets | 4,418,241 | 44,891,048 | 49,309,289 |

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|------------------------|----------------------------|-------------|
| Euro | – | (854,823) | (854,823) |
| Japanese yen | – | (162,751) | (162,751) |
| US dollar | (273) | (533,802) | (534,075) |
| | (273) | (1,551,376) | (1,551,649) |
| Pound sterling | 5,940,039 | 49,060,894 | 55,000,933 |
| Net assets | 5,939,766 | 47,509,518 | 53,449,284 |

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 8%, 96% and 40% respectively (31 May 2022: 34%, 101% and 47% respectively).

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

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

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives (continued)

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|---------------|------------------|
| Futures Contracts | | |
| New York Coffee, Sugar & Cocoa | 17,885 | 18,933 |
| Forward Currency Contracts | | |
| Northern Trust | 30,761 | (895,523) |
| Total net exposure¹ | <u>48,646</u> | <u>(876,590)</u> |

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

iv. Fair value

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

Level 1

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

Level 2

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

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

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

Level 3

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

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

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|-------------------|-------------------|--------------|-------------------|
| 31 May 2023 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 14,817,513 | 30,024,889 | – | 44,842,402 |
| Derivatives | 17,885 | 187,215 | – | 205,100 |
| Total | 14,835,398 | 30,212,104 | – | 45,047,502 |
| Liabilities | | | | |
| Derivatives | – | (156,454) | – | (156,454) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 16,620,556 | 31,765,552 | – | 48,386,108 |
| Derivatives | 18,933 | 198,185 | – | 217,118 |
| Total | 16,639,489 | 31,963,737 | – | 48,603,226 |
| Liabilities | | | | |
| Derivatives | – | (1,093,708) | – | (1,093,708) |

7IM PATHBUILDER 2 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 175.

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 | 11,812 | – | – | – | – | – |
| Equities | 3,810 | – | – | – | – | – |
| Total | 15,622 | – | – | – | – | – |
| Sales | | | | | | |
| Collective Investment Schemes | 16,750 | – | – | – | – | – |
| Equities | 3,378 | – | – | – | – | – |
| Total | 20,128 | – | – | – | – | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

Analysis of direct transaction costs for the period ended 31 May 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 38,101 | – | – | – | – | – |
| Equities | 10,566 | – | – | – | – | – |
| Total | 48,667 | – | – | – | – | – |
| Sales | | | | | | |
| Collective Investment Schemes | 36,415 | – | – | – | – | – |
| Equities | 3,788 | – | – | – | – | – |
| Total | 40,203 | – | – | – | – | – |
| 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 0.06% (2022: 0.14%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 100.64p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 103.26p. This represents an increase of 2.60% from the year end value.

7IM PATHBUILDER 2 FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 0.7788 | – | 0.7788 | 0.4549 |
| Group 2 | 0.7001 | 0.0787 | 0.7788 | 0.4549 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.7940 | – | 0.7940 | 0.4580 |
| Group 2 | 0.4978 | 0.2962 | 0.7940 | 0.4580 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 1.2142 | – | 1.2142 | 0.8714 |
| Group 2 | 0.2755 | 0.9387 | 1.2142 | 0.8714 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 1.2489 | – | 1.2489 | 0.8808 |
| Group 2 | 0.5387 | 0.7102 | 1.2489 | 0.8808 |

Equalisation

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

7IM PATHBUILDER 3 FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The 7IM Pathbuilder 3 Fund (the 'Sub-fund') aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 3 Fund is at the upper end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 44% to 84% of its assets to equities and 14% to 54% to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

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

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

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

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 1.21%¹.

Comparator Benchmark

The Sub-Fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-Fund has met its investment objective. The Sub-Fund's returns will be published on www.7im.co.uk.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

¹Calculated using 7IM Pathbuilder 3 Fund C Acc shares, published prices. Source: NTRS.

7IM PATHBUILDER 3 FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve (Fed) set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our strategic asset allocation (SAA) process.

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

7IM PATHBUILDER 3 FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM PATHBUILDER 3 FUND

FUND INFORMATION

The Comparative Tables on pages 198 to 199 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM PATHBUILDER 3 FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 ¹ (pence per share) |
|---|----------------------------------|----------------------------------|---|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 102.55 | 104.11 | 100.00 |
| Return before operating charges* | 1.68 | (0.02) | 4.93 |
| Operating charges (calculated on average price) | (0.35) | (0.37) | (0.17) |
| Return after operating charges* | 1.33 | (0.39) | 4.76 |
| Distributions on income shares | (1.99) | (1.17) | (0.65) |
| Closing net asset value per share | 101.89 | 102.55 | 104.11 |
| * After direct transaction costs of: ² | 0.00 | (0.01) | (0.01) |

Performance

| | | | |
|-----------------------------------|-------|---------|-------|
| Return after charges ³ | 1.30% | (0.37)% | 4.76% |
|-----------------------------------|-------|---------|-------|

Other Information

| | | | |
|---------------------------------|---------|---------|---------|
| Closing net asset value (£'000) | 583 | 442 | 120 |
| Closing number of shares | 572,565 | 430,681 | 115,082 |
| Operating charges ⁴ | 0.35% | 0.35% | 0.35% |
| Direct transaction costs | 0.00% | (0.01)% | (0.01)% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 105.32 | 111.86 | 105.33 |
| Lowest share price | 95.14 | 99.92 | 99.41 |

¹ The Sub-fund launched on 9 December 2020.

² 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.

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

⁴ 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 200.

7IM PATHBUILDER 3 FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 (pence per share) | 31.05.21 ¹ (pence per share) |
|---|----------------------------------|----------------------------------|---|
| Change in Net Asset Value Per Share | | | |
| Opening net asset value per share | 104.35 | 104.76 | 100.00 |
| Return before operating charges* | 1.74 | (0.03) | 4.93 |
| Operating charges (calculated on average price) | (0.36) | (0.38) | (0.17) |
| Return after operating charges* | 1.38 | (0.41) | 4.76 |
| Distributions | (2.04) | (1.14) | (0.65) |
| Retained distributions on accumulation shares | 2.04 | 1.14 | 0.65 |
| Closing net asset value per share | 105.73 | 104.35 | 104.76 |
| * After direct transaction costs of: ² | 0.00 | (0.01) | (0.01) |

Performance

| | | | |
|-----------------------------------|-------|---------|-------|
| Return after charges ³ | 1.32% | (0.39)% | 4.76% |
|-----------------------------------|-------|---------|-------|

Other Information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 34,083 | 32,314 | 21,618 |
| Closing number of shares | 32,236,934 | 30,966,955 | 20,636,092 |
| Operating charges ⁴ | 0.35% | 0.35% | 0.35% |
| Direct transaction costs | 0.00% | (0.01)% | (0.01)% |

Prices

| | | | |
|---------------------|--------|--------|--------|
| Highest share price | 107.98 | 112.56 | 105.33 |
| Lowest share price | 96.81 | 100.83 | 99.41 |

¹ The Sub-fund launched on 9 December 2020.

² 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.

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

⁴ 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 200.

7IM PATHBUILDER 3 FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ¹ | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.08% |
| Ongoing Charges Figure | <hr/> 0.35% |

As at 31 May 2022

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ¹ | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.08% |
| Ongoing Charges Figure | <hr/> 0.35% |

¹ Other expenses is capped at 0.05%.

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 3 FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was five.

Fund performance to 31 May 2023 (%)

| | 1 year | Since Launch |
|---------------------------------------|--------|--------------|
| 7IM Pathbuilder 3 Fund ^{1,2} | 1.21 | 5.78 |

¹ Source: Bloomberg.

² The Sub-fund launched on 9 December 2020.

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

Details of the distributions per share for the year are shown in the Distribution Tables on page 215.

7IM PATHBUILDER 3 FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| | | Value | 31.05.23 |
|-----------------|--|-------------------|---------------|
| | | £ | % |
| Holding | Portfolio of Investment | | |
| | FUTURES CONTRACTS 0.04% (0.09%)¹ | | |
| | United States 0.04% (0.09%)¹ | | |
| 80 | MSCI Emerging Markets Index Futures June 2023 | 13,161 | 0.04 |
| | FORWARD CURRENCY CONTRACTS 0.01% (-0.42%)¹ | | |
| US\$(1,240,000) | Vs £1,015,332 Expiry 14.07.2023 | 13,357 | 0.04 |
| US\$1,240,000 | Vs £(993,152) Expiry 14.07.2023 | 8,823 | 0.03 |
| US\$1,600,000 | Vs £(1,310,106) Expiry 14.07.2023 | (17,235) | (0.06) |
| | | 4,945 | 0.01 |
| | COLLECTIVE INVESTMENT SCHEMES 87.59% (86.49%)¹ | | |
| | Ireland 26.02% (17.78%)¹ | | |
| 707,760 | BNY Mellon Global - BNY Mellon Efficient Global High Yield Beta Fund | 686,457 | 1.98 |
| 138,696 | HSBC Global Funds ICAV - Global Government Bond Index Fund | 1,050,900 | 3.03 |
| 973,714 | iShares MSCI USA ESG Screened UCITS ETF | 6,476,172 | 18.69 |
| 884,648 | Legal & General Emerging Markets Government Bond USD Index Fund | 804,587 | 2.32 |
| | | 9,018,116 | 26.02 |
| | Japan 10.13% (10.19%)¹ | | |
| 4,522,429 | Legal & General Japan Index Trust | 3,513,023 | 10.13 |
| | Luxembourg 1.72% (0.00%)¹ | | |
| 5,912 | Lyxor Core UK Government Bond (DR) UCITS ETF | 597,526 | 1.72 |
| | United Kingdom 45.71% (38.34%)¹ | | |
| 3,813,152 | Fidelity Investment Funds ICVC - Index UK Fund | 6,104,856 | 17.61 |
| 278,763 | HSBC Index Tracker Investment Funds - European Index Fund | 3,434,502 | 9.91 |
| 2,588,751 | iShares ESG Overseas Corporate Bond Index Fund (UK) | 2,743,438 | 7.92 |
| 477,504 | iShares Global Property Securities Index | 1,011,997 | 2.92 |
| 631,367 | iShares UK Equity Index Fund UK | 1,696,006 | 4.89 |
| 1,327,112 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc | 853,201 | 2.46 |
| | | 15,844,000 | 45.71 |
| | United States 4.01% (20.18%)¹ | | |
| 27,950 | Invesco MSCI USA ESG Universal Screened UCITS ETF | 1,389,674 | 4.01 |
| | Portfolio of investment | 30,380,445 | 87.64 |
| | Net other assets ² | 4,285,939 | 12.36 |
| | Net assets | 34,666,384 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Schemes.

² Includes shares in the Northern Trust Global Sterling Fund to the value of £3,077,330 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

7IM PATHBUILDER 3 FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 31.05.22 £ |
|---|-------|----------|---------------|----------|---------------|
| Income | | | | | |
| Net capital losses | 4 | | (189,916) | | (736,962) |
| Revenue | 5 | 764,044 | | 423,251 | |
| Expenses | 6 | (80,761) | | (71,013) | |
| Interest payable and similar charges | 8 | (1,683) | | (1,500) | |
| Net revenue before taxation for the year | | 681,600 | | 350,738 | |
| Taxation | 7 | (40,581) | | (19,154) | |
| Net revenue after taxation for the year | | | 641,019 | | 331,584 |
| Total return before distributions | | | 451,103 | | (405,378) |
| Distributions | 8 | | (641,295) | | (332,001) |
| Change in net assets attributable to shareholders from investment activities | | | (190,192) | | (737,379) |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 31.05.22 £ |
|--|-------------|---------------|-------------|---------------|
| Opening net assets attributable to shareholders | | 32,756,017 | | 21,738,380 |
| Amounts received on creation of shares ¹ | 6,516,711 | | 13,673,139 | |
| Amounts paid on cancellation of shares ¹ | (5,060,736) | | (2,262,425) | |
| | | 1,455,975 | | 11,410,714 |
| Dilution levy | | – | | 1,665 |
| Change in net assets attributable to shareholders from investment activities | | (190,192) | | (737,379) |
| Retained distribution on accumulation shares | | 644,584 | | 342,637 |
| Closing net assets attributable to shareholders | | 34,666,384 | | 32,756,017 |

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 205 to 214 are an integral part of these financial statements.

7IM PATHBUILDER 3 FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 £ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 30,397,680 | 28,429,725 |
| Current assets: | | | |
| Debtors | 9 | 361,234 | 208,162 |
| Cash and bank balances | 10 | 1,029,469 | 1,599,757 |
| Cash equivalents | 10 | 3,077,330 | 3,002,178 |
| Total assets | | 34,865,713 | 33,239,822 |
| LIABILITIES | | | |
| Investment liabilities | | (17,235) | (207,572) |
| Creditors: | | | |
| Bank overdrafts | 10 | – | (65,665) |
| Distribution payable | 8 | (7,048) | (3,667) |
| Other creditors | 11 | (175,046) | (206,901) |
| Total liabilities | | (199,329) | (483,805) |
| Net assets attributable to shareholders | | 34,666,384 | 32,756,017 |

The notes on pages 205 to 214 are an integral part of these financial statements.

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital losses

| | 31.05.23 | 31.05.22 |
|--|------------------|------------------|
| | £ | £ |
| The net capital losses during the year comprise: | | |
| Non-derivative securities | 345,406 | 97,502 |
| Derivative contracts | (392,340) | (597,848) |
| Forward currency contracts | (141,066) | (206,485) |
| Currency gains/(losses) | 3,136 | (23,807) |
| Transaction charges | (6,538) | (8,441) |
| AMC rebates from underlying investments | 1,486 | 2,117 |
| Net capital losses | <u>(189,916)</u> | <u>(736,962)</u> |

5 Revenue

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Non-taxable dividends | 480,181 | 257,087 |
| Taxable dividends | 271,389 | 164,364 |
| AMC rebates from underlying investments | 960 | 1,203 |
| Bank interest | 11,514 | 597 |
| Total revenue | <u>764,044</u> | <u>423,251</u> |

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 71,140 | 64,757 |
| Other expenses | 3,737 | 2,342 |
| | <u>74,877</u> | <u>67,099</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 5,821 | 5,151 |
| Safe custody and other bank charges | 12,983 | 11,666 |
| | <u>18,804</u> | <u>16,817</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,410 |
| Dealing and exchange fees | 1,748 | 1,528 |
| FCA and other regulatory fees | 168 | 168 |
| Market data fees | 3,993 | 5,754 |
| Printing, postage and distribution costs | 10,133 | 8,540 |
| Risk analysis fees | 9,881 | 8,153 |
| Subsidy of other expenses by the ACD | (47,914) | (44,456) |
| | <u>(12,920)</u> | <u>(12,903)</u> |
| Total expenses | <u>80,761</u> | <u>71,013</u> |

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| a) <i>Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 40,581 | 19,154 |
| Current tax charge (note 7b) | 40,581 | 19,154 |
| Total taxation | 40,581 | 19,154 |

b) *Factors affecting tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2022: 20%) for the reasons explained below.

| | 31.05.23 £ | 31.05.22 £ |
|------------------------------|---------------|---------------|
| Net revenue before taxation | 681,600 | 350,738 |
| Corporation tax at 20% | 136,320 | 70,148 |
| Effects of: | | |
| AMC rebates taken to capital | 297 | 424 |
| Non-taxable dividends | (96,036) | (51,418) |
| Total tax charge (note 7a) | 40,581 | 19,154 |

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is no potential deferred tax asset (2022: none).

8 Distributions

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

| | 31.05.23 £ | 31.05.22 £ |
|---|---------------|---------------|
| Interim | 240,692 | 84,902 |
| Final ¹ | 413,652 | 261,869 |
| | 654,344 | 346,771 |
| Add: Revenue deducted on cancellation of shares | 18,439 | 6,853 |
| Deduct: Revenue received on issue of shares | (31,488) | (21,623) |
| Net distributions for the year | 641,295 | 332,001 |
| Interest payable and similar charges | 1,683 | 1,500 |
| Total distribution | 642,978 | 333,501 |

Details of the distributions per share are set out in the table on page 215.

| | 31.05.23 £ | 31.05.22 £ |
|--|---------------|---------------|
| Distributions represented by: | | |
| Net revenue after taxation | 641,019 | 331,584 |
| Allocations to capital: | | |
| Capitalised expenses, net of tax relief ² | 297 | 423 |
| Net movement in revenue account | (21) | (6) |
| Net distributions for the year | 641,295 | 332,001 |

¹ Distribution payable at the year end of £7,048 (2022: £3,667) are disclosed in the Balance Sheet on page 204.

² Please refer to Note 2(i) Distribution Policy on page 11 for further details.

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts receivable for issue of shares | 199,315 | 63,036 |
| Accrued revenue | 106,728 | 92,097 |
| Income tax recoverable | 5,805 | 5,359 |
| AMC rebates from underlying investments | 1,472 | 3,214 |
| Prepaid expenses | 47,914 | 44,456 |
| Total debtors | <u>361,234</u> | <u>208,162</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Cash and bank balances | 972,540 | 1,388,116 |
| Cash held at clearing houses | 56,929 | 211,641 |
| Cash equivalents | 3,077,330 | 3,002,178 |
| Total cash and bank balances | <u>4,106,799</u> | <u>4,601,935</u> |
| Bank overdrafts | – | (65,299) |
| Cash overdraft at clearing houses | – | (366) |
| Total bank overdrafts | <u>–</u> | <u>(65,665)</u> |

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|-----------------|-----------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 23 | 72,893 |
| Purchases awaiting settlement | 104,825 | 92,053 |
| Accrued expenses | 29,617 | 22,801 |
| Corporation tax payable | 40,581 | 19,154 |
| Total other creditors | <u>175,046</u> | <u>206,901</u> |

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 £6,385 (2022: £6,019).

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 203. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £199,315 (2022: £63,036) and £23 (2022: £72,893), 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 | 88.14% (2022: 93.52%) |
|---------------------------|-----------------------|

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions (continued)

The net value of creations and cancellations for Pershing Nominees Limited during the year totaled £80,003 (2022: £9,642,431). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £5,260 and £6,315, accordingly.

13 Classes of Shares

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

Class C 0.22%

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 430,681 | 309,511 | (167,627) | – | 572,565 |
| Class C Accumulation | 30,966,955 | 5,983,460 | (4,713,481) | – | 32,236,934 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|-------------------------------------|----------------------------------|---|------------|
| Euro | 26 | – | – | 26 |
| US dollar | 636 | – | 3,365,976 | 3,366,612 |
| Pound sterling | 4,106,137 | – | 30,688,005 | 34,794,142 |
| | 4,106,799 | – | 34,053,981 | 38,160,780 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---------------------------------------|--|-------------|
| US dollar | – | – | (1,009,044) | (1,009,044) |
| Pound sterling | – | – | (2,485,352) | (2,485,352) |
| | – | – | (3,494,396) | (3,494,396) |

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|--------------------|
| Euro | 25 | – | 94,030 | 94,055 |
| Japanese yen | – | – | 175,270 | 175,270 |
| US dollar | 65,300 | – | 4,632,770 | 4,698,070 |
| Pound sterling | 4,536,610 | – | 27,787,315 | 32,323,925 |
| | <u>4,601,935</u> | <u>–</u> | <u>32,689,385</u> | <u>37,291,320</u> |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---|--|--------------------|
| US dollar | (65,665) | – | (3,064,744) | (3,130,409) |
| Pound sterling | – | – | (1,404,894) | (1,404,894) |
| | <u>(65,665)</u> | <u>–</u> | <u>(4,469,638)</u> | <u>(4,535,303)</u> |

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

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|-----------------|------------------------------------|--|--------------------|
| Euro | 26 | – | 26 |
| US dollar | 636 | 2,356,932 | 2,357,568 |
| | <u>662</u> | <u>2,356,932</u> | <u>2,357,594</u> |
| Pound sterling | 4,285,277 | 28,023,513 | 32,308,790 |
| Net assets | <u>4,285,939</u> | <u>30,380,445</u> | <u>34,666,384</u> |

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk (continued)

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|---------------------------|-------------------------------|------------|
| Euro | 25 | 94,030 | 94,055 |
| Japanese yen | – | 175,270 | 175,270 |
| US dollar | (365) | 1,568,026 | 1,567,661 |
| | (340) | 1,837,326 | 1,836,986 |
| Pound sterling | 4,534,204 | 26,384,827 | 30,919,031 |
| Net assets | 4,533,864 | 28,222,153 | 32,756,017 |

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting year ended 31 May 2023 was 12%, 38% and 18% respectively (2022: 18%, 50% and 23% respectively).

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

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

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

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|---------------|------------------|
| Futures Contracts | | |
| Goldman Sachs | 13,161 | 28,440 |
| Forward Currency Contracts | | |
| Northern Trust | 4,945 | (137,499) |
| Total net exposure¹ | <u>18,106</u> | <u>(109,059)</u> |

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

iv. Fair value

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

Level 1

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

Level 2

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

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

Level 3

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

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

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

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|-------------------|-------------------|--------------|-------------------|
| 31 May 2023 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 13,072,008 | 17,290,331 | – | 30,362,339 |
| Derivatives | 13,161 | 22,180 | – | 35,341 |
| Total | 13,085,169 | 17,312,511 | – | 30,397,680 |
| Liabilities | | | | |
| Derivatives | – | (17,235) | – | (17,235) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 9,462,329 | 18,868,883 | – | 28,331,212 |
| Derivatives | 28,440 | 70,073 | – | 98,513 |
| Total | 9,490,769 | 18,938,956 | – | 28,429,725 |
| Liabilities | | | | |
| Derivatives | – | (207,572) | – | (207,572) |

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 197.

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 | 4,280 | – | – | – | – | – |
| Equities | 1,487 | – | – | – | – | – |
| Total | 5,767 | – | – | – | – | – |
| Sales | | | | | | |
| Collective Investment Schemes | 4,055 | – | – | – | – | – |
| Equities | 566 | – | – | – | – | – |
| Total | 4,621 | – | – | – | – | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

7IM PATHBUILDER 3 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the period ended 31 May 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 29,460 | – | – | – | – | – |
| Equities | 7,325 | – | – | – | – | – |
| Total | 36,785 | – | – | – | – | – |
| Sales | | | | | | |
| Collective Investment Schemes | 24,991 | – | – | – | – | – |
| Equities | 2,416 | – | – | – | – | – |
| Total | 27,407 | – | – | – | – | – |
| 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 0.09% (2022: 0.18%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 105.78p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 109.08p. This represents an increase of 3.12% from the year end value.

7IM PATHBUILDER 3 FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 | Paid 31.01.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 0.7620 | – | 0.7620 | 0.3234 |
| Group 2 | 0.3113 | 0.4507 | 0.7620 | 0.3234 |

| | Net Revenue | Equalisation | Allocated 31.01.23 | Allocated 31.01.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 0.7753 | – | 0.7753 | 0.3080 |
| Group 2 | 0.5650 | 0.2103 | 0.7753 | 0.3080 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|--------------------|---------------------|--------------------------|--------------------------|
| Class C Income | | | | |
| Group 1 | 1.2310 | – | 1.2310 | 0.8515 |
| Group 2 | 0.3221 | 0.9089 | 1.2310 | 0.8515 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|--------------------|---------------------|-------------------------------|-------------------------------|
| Class C Accumulation | | | | |
| Group 1 | 1.2613 | – | 1.2613 | 0.8338 |
| Group 2 | 0.6927 | 0.5686 | 1.2613 | 0.8338 |

Equalisation

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

7IM PATHBUILDER 4 FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

7IM Pathbuilder 4 Fund aims to provide a return of capital and income over the medium to longer term (5 years or more) consistent with its risk profile (as described in the Investment Strategy section in the Prospectus).

The Sub-fund's investments and the proportion of its exposure to them will be determined by its risk profile in accordance with its banding (as further described in the Investment Strategy and Benchmark sections of the Prospectus). 7IM Pathbuilder 4 Fund is at the highest end of the Pathbuilder Funds' risk range.

The Sub-fund is able to have an exposure of 73% to 100% of its assets to equities and 0% to 25% to fixed interest securities (including cash gilts and global corporate bonds), primarily through indirect exposure which may be investment grade or sub-investment grade. These exposures are, however, expected to typically be around the middle of the stated ranges.

This exposure will be generated by: indirect investment through collective investment schemes (which may include schemes managed by the ACD or an associate of the ACD), investment trusts, exchange traded funds, or through derivative investments (in this way, the Sub-fund may gain exposure to asset classes such as property, commodities and private equity); and/or direct investment in a range of investment grade corporate and government bonds and warrants, and may also be achieved through the use of futures contracts which require cover to be held (typically in the form of money market funds and money market instruments).

It is expected that collective investment schemes and exchange traded funds held by the Sub-fund will generally be managed in accordance with passive strategies designed to track the performance of particular indices, market sectors or asset classes.

Up to 20% of the Sub-fund will be invested in assets such as cash and deposits, and may also include the use of money market funds and money market instruments for more general liquidity purposes. This is additional to the holding of such assets as cover for futures contracts as noted above. In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, money market funds, treasury bills, government bonds or short-term money market instruments.

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

Investment Manager's Report

Performance Report

In the reporting period, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 1.6%¹.

Comparator Benchmark

The Sub-Fund does not use a comparator, constraining or target benchmark to assess performance. Performance may be assessed by considering the extent to which the Sub-Fund has met its investment objective. The Sub-Fund's returns will be published on www.7im.co.uk.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

¹ Calculated using 7IM Pathbuilder 4 Fund C Acc shares, published prices. Source: NTRS

7IM PATHBUILDER 4 FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

Our Pathbuilder funds are the most passively managed funds that we run. As a result, we only make changes to them once a year in line with our SAA process.

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile.

7IM PATHBUILDER 4 FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. 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 will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM PATHBUILDER 4 FUND

FUND INFORMATION

The Comparative Tables on pages 220 to 221 give the performance of each active share class in the Sub-fund.

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

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

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

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

7IM PATHBUILDER 4 FUND

FUND INFORMATION (continued)

Comparative Tables

Class C Income

| | 31.05.23 (pence per share) | 31.05.22 ¹ (pence per share) |
|---|----------------------------------|---|
| Change in Net Asset Value Per Share | | |
| Opening net asset value per share | 96.22 | 100.00 |
| Return before operating charges* | 2.06 | (2.83) |
| Operating charges (calculated on average price) | (0.32) | (0.16) |
| Return after operating charges* | 1.74 | (2.99) |
| Distributions on income shares | (1.86) | (0.79) |
| Closing net asset value per share | 96.10 | 96.22 |
| * After direct transaction costs of: ² | 0.00 | 0.00 |

Performance

| | | |
|-----------------------------------|-------|---------|
| Return after charges ³ | 1.81% | (2.99)% |
|-----------------------------------|-------|---------|

Other Information

| | | |
|---------------------------------|-----------|-----------|
| Closing net asset value (£'000) | 3,280 | 2,753 |
| Closing number of shares | 3,413,374 | 2,860,771 |
| Operating charges ⁴ | 0.34% | 0.33% |
| Direct transaction costs | 0.00% | 0.00% |

Prices

| | | |
|---------------------|-------|--------|
| Highest share price | 99.91 | 103.07 |
| Lowest share price | 89.70 | 91.77 |

¹ The Sub-fund launched on 3 December 2021.

² 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.

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

⁴ 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 222.

7IM PATHBUILDER 4 FUND

FUND INFORMATION (continued)

Comparative Tables (continued)

Class C Accumulation

| | 31.05.23 (pence per share) | 31.05.22 ¹ (pence per share) |
|---|----------------------------------|---|
| Change in Net Asset Value Per Share | | |
| Opening net asset value per share | 97.01 | 100.00 |
| Return before operating charges* | 2.10 | (2.83) |
| Operating charges (calculated on average price) | (0.33) | (0.16) |
| Return after operating charges* | 1.77 | (2.99) |
| Distributions | (1.89) | (0.79) |
| Retained distributions on accumulation shares | 1.89 | 0.79 |
| Closing net asset value per share | 98.78 | 97.01 |
| * After direct transaction costs of: ² | 0.00 | 0.00 |

Performance

| | | |
|-----------------------------------|-------|---------|
| Return after charges ³ | 1.82% | (2.99)% |
|-----------------------------------|-------|---------|

Other Information

| | | |
|---------------------------------|------------|------------|
| Closing net asset value (£'000) | 12,160 | 11,532 |
| Closing number of shares | 12,309,583 | 11,888,365 |
| Operating charges ⁴ | 0.34% | 0.33% |
| Direct transaction costs | 0.00% | 0.00% |

Prices

| | | |
|---------------------|--------|--------|
| Highest share price | 101.53 | 103.07 |
| Lowest share price | 90.44 | 91.77 |

¹ The Sub-fund launched on 3 December 2021.

² 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.

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

⁴ 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 222.

7IM PATHBUILDER 4 FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ¹ | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.07% |
| Ongoing Charges Figure | <hr/> 0.34% |

As at 31 May 2022²

| | Class C |
|------------------------------------|----------------|
| ACD's periodic charge | 0.22% |
| Other expenses ¹ | 0.05% |
| | <hr/> 0.27% |
| Collective investment scheme costs | 0.06% |
| Ongoing Charges Figure | <hr/> 0.33% |

¹ Other expenses is capped at 0.05%.

² The Sub-fund launched on 3 December 2021.

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

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

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures. On 25 May 2022, the Sub-fund suspended its securities lending programme.

7IM PATHBUILDER 4 FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was five.

Fund performance to 31 May 2023 (%)

| | 1 year | Since Launch |
|---------------------------------------|--------|--------------|
| 7IM Pathbuilder 4 Fund ^{1,2} | 1.62 | (1.16) |

¹ Source: Bloomberg.

² The Sub-fund launched on 3 December 2021.

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

Details of the distributions per share for the year are shown in the Distribution Tables on page 236.

7IM PATHBUILDER 4 FUND

PORTFOLIO STATEMENT

as at 31 May 2023

| | | Value | 31.05.23 |
|--------------|--|-------------------|---------------|
| Holding | Portfolio of Investment | £ | % |
| | FUTURES CONTRACTS 0.08% (0.08%)¹ | | |
| | United States 0.08% (0.08%)¹ | | |
| 60 | MSCI Emerging Markets Index Futures June 2023 | 12,601 | 0.08 |
| | FORWARD CURRENCY CONTRACTS -0.18% (0.99%)¹ | | |
| US\$,520,000 | Vs £(2,063,417) Expiry 14.07.2023 | (27,145) | (0.18) |
| | COLLECTIVE INVESTMENT SCHEMES 84.57% (83.40%)¹ | | |
| | Europe (ex UK) 12.02% (12.05%)¹ | | |
| 150,680 | HSBC Index Tracker Investment Funds - European Index Fund | 1,856,458 | 12.02 |
| | Ireland 19.11% (18.34%)¹ | | |
| 443,721 | iShares MSCI USA ESG Screened UCITS ETF | 2,951,189 | 19.11 |
| | Japan 12.54% (12.07%)¹ | | |
| 2,491,611 | Legal & General Japan Index Trust | 1,935,483 | 12.54 |
| | North America 8.65% (7.92%)¹ | | |
| 26,852 | Invesco MSCI USA ESG Universal Screened UCITS ETF | 1,335,081 | 8.65 |
| | United Kingdom 32.25% (33.02%)¹ | | |
| 1,721,606 | Fidelity Investment Funds ICVC - Index UK Fund | 2,756,291 | 17.85 |
| 326,055 | iShares Global Property Securities Index | 691,022 | 4.48 |
| 570,355 | iShares UK Equity Index Fund UK | 1,532,114 | 9.92 |
| | | 4,979,427 | 32.25 |
| | Portfolio of investment | 13,043,094 | 84.47 |
| | Net other assets ² | 2,396,849 | 15.53 |
| | Net assets | 15,439,943 | 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 2022. These were restated due to revised classification of derivatives and Collective Investment Scheme investments.

² Includes shares in the Northern Trust Global Sterling Fund to the value of £1,026,102 which is shown as Cash equivalents in the Balance Sheet of the Sub-fund.

7IM PATHBUILDER 4 FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

| | Notes | £ | 31.05.23 £ | £ | 03.12.21 to 31.05.22 ¹ £ |
|---|-------|----------------|----------------------|--------------|--|
| Income | | | | | |
| Net capital gains/(losses) | 4 | | 88,233 | | (523,115) |
| Revenue | 5 | 339,662 | | 124,609 | |
| Expenses | 6 | (36,491) | | (16,768) | |
| Interest payable and similar charges | 8 | <u>(1,056)</u> | | <u>(172)</u> | |
| Net revenue before taxation for the year | | 302,115 | | 107,669 | |
| Taxation | 7 | <u>(3,852)</u> | | <u>(565)</u> | |
| Net revenue after taxation for the year | | | <u>298,263</u> | | <u>107,104</u> |
| Total return before distributions | | | 386,496 | | (416,011) |
| Distributions | 8 | | <u>(298,262)</u> | | <u>(107,099)</u> |
| Change in net assets attributable to shareholders from investment activities | | | <u>88,234</u> | | <u>(523,110)</u> |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

| | £ | 31.05.23 £ | £ | 03.12.21 to 31.05.22 ¹ £ |
|--|--------------------|--------------------------|------------------|--|
| Opening net assets attributable to shareholders | | 14,284,828 | | – |
| Amounts received on creation of shares ² | 4,041,382 | | 15,529,763 | |
| Amounts paid on cancellation of shares ² | <u>(3,208,152)</u> | | <u>(816,204)</u> | |
| | | 833,230 | | 14,713,559 |
| Dilution levy | | 724 | | 568 |
| Change in net assets attributable to shareholders from investment activities | | 88,234 | | (523,110) |
| Retained distribution on accumulation shares | | 232,927 | | 93,811 |
| Closing net assets attributable to shareholders | | <u>15,439,943</u> | | <u>14,284,828</u> |

¹ The Sub-fund launched on 3 December 2021.

² Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages 227 to 235 are an integral part of these financial statements.

7IM PATHBUILDER 4 FUND

BALANCE SHEET

as at 31 May 2023

| | Notes | 31.05.23 £ | 31.05.22 ¹ £ |
|--|-------|-------------------|----------------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Investments | | 13,070,239 | 12,084,998 |
| Current assets: | | | |
| Debtors | 9 | 147,336 | 62,758 |
| Cash and bank balances | 10 | 1,340,078 | 1,268,940 |
| Cash equivalents | 10 | 1,026,102 | 1,001,043 |
| Total assets | | 15,583,755 | 14,417,739 |
| LIABILITIES | | | |
| Investment liabilities | | (27,145) | (18,317) |
| Creditors: | | | |
| Bank overdrafts | 10 | – | (300) |
| Distribution payable | 8 | (37,687) | (22,589) |
| Other creditors | 11 | (78,980) | (91,705) |
| Total liabilities | | (143,812) | (132,911) |
| Net assets attributable to shareholders | | 15,439,943 | 14,284,828 |

¹The Sub-fund launched on 3 December 2021.

The notes on pages 227 to 235 are an integral part of these financial statements.

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 13.

3 Risk Management Policies

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

4 Net capital gains/(losses)

| | 31.05.23 | 03.12.21 |
|--|-----------------|---------------------|
| | £ | to 31.05.22 £ |
| The net capital gains/(losses) during the year comprise: | | |
| Non-derivative securities | 289,195 | (369,479) |
| Derivative contracts | (274,690) | (298,291) |
| Forward currency contracts | 57,812 | 149,660 |
| Currency gains/(losses) | 20,298 | (4,287) |
| Transaction charges | (4,385) | (718) |
| CSDR penalty reimbursement | 3 | – |
| Net capital gains/(losses) | <u>88,233</u> | <u>(523,115)</u> |

5 Revenue

| | 31.05.23 | 03.12.21 |
|---|-----------------|---------------------|
| | £ | to 31.05.22 £ |
| Non-taxable dividends | 274,521 | 116,004 |
| Taxable dividends | 47,429 | 8,269 |
| AMC rebates from underlying investments | 729 | 254 |
| Bank interest | 16,983 | 82 |
| Total revenue | <u>339,662</u> | <u>124,609</u> |

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

| | 31.05.23 | 03.12.21 to 31.05.22 |
|---|-----------------|----------------------------|
| | £ | £ |
| Payable to the ACD, associates of the ACD and agents of either of them: | | |
| ACD's periodic charge | 33,311 | 14,386 |
| Other expenses | 3,737 | 1,134 |
| | <u>37,048</u> | <u>15,520</u> |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 2,726 | 1,183 |
| Safe custody and other bank charges | 7,037 | 3,686 |
| | <u>9,763</u> | <u>4,869</u> |
| Other Expenses: | | |
| Audit fee ¹ | 9,071 | 7,380 |
| Dealing and exchange fees | 418 | 154 |
| FCA and other regulatory fees | 183 | 84 |
| Market data fees | 3,721 | 1,609 |
| Printing, postage and distribution costs | 8,941 | 2,621 |
| Risk analysis fees | 9,881 | 4,000 |
| Subsidy of other expenses by the ACD | (42,535) | (19,469) |
| | <u>(10,320)</u> | <u>(3,621)</u> |
| Total expenses | <u>36,491</u> | <u>16,768</u> |

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

| | 31.05.23 £ | 03.12.21 to 31.05.22 £ |
|---|---------------|---------------------------------|
| a) <i>Analysis of charge for the year</i> | | |
| Corporation tax at 20% | 3,852 | – |
| Irrecoverable CIS income tax | – | 565 |
| | <hr/> | <hr/> |
| Current tax charge (note 7b) | 3,852 | 565 |
| | <hr/> | <hr/> |
| Total taxation | 3,852 | 565 |

b) *Factors affecting tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2022: 20%) for the reasons explained below.

| | | |
|---------------------------------------|----------|----------|
| Net revenue before taxation | 302,115 | 107,669 |
| | <hr/> | <hr/> |
| Corporation tax at 20% | 60,423 | 21,534 |
| Effects of: | | |
| Irrecoverable CIS income tax w/off | – | 565 |
| Non-taxable dividends | (54,904) | (23,201) |
| Unutilised excess management expenses | (1,667) | 1,667 |
| | <hr/> | <hr/> |
| Total tax charge (note 7a) | 3,852 | 565 |

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is no potential deferred tax asset (2022: none).

8 Distributions

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

| | 31.05.23 £ | 03.12.21 to 31.05.22 £ |
|---|---------------|---------------------------------|
| Interim | 120,954 | – |
| Final ¹ | 175,825 | 116,400 |
| | <hr/> | <hr/> |
| | 296,779 | 116,400 |
| Add: Revenue deducted on cancellation of shares | 8,413 | 2,447 |
| Deduct: Revenue received on issue of shares | (6,930) | (11,748) |
| | <hr/> | <hr/> |
| Net distributions for the year | 298,262 | 107,099 |
| Interest payable and similar charges | 1,056 | 172 |
| | <hr/> | <hr/> |
| Total distribution | 299,318 | 107,271 |

Details of the distributions per share are set out in the table on page 236.

Distributions represented by:

| | | |
|---------------------------------|---------|---------|
| Net revenue after taxation | 298,263 | 107,104 |
| Allocations to capital: | | |
| Net movement in revenue account | (1) | (5) |
| | <hr/> | <hr/> |
| Net distributions for the year | 298,262 | 107,099 |

¹ Distribution payable at the year end of £32,428 (2022: £4,151) are disclosed in the Balance Sheet on page 226.

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

9 Debtors

| | 31.05.23 | 31.05.22 |
|---|----------------|---------------|
| | £ | £ |
| Amounts receivable for issue of shares | 46,500 | – |
| Accrued revenue | 52,911 | 42,414 |
| Income tax recoverable | 5,095 | 621 |
| AMC rebates from underlying investments | 295 | 254 |
| Prepaid expenses | 42,535 | 19,469 |
| Total debtors | <u>147,336</u> | <u>62,758</u> |

10 Cash and bank balances

| | 31.05.23 | 31.05.22 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Cash and bank balances | 1,247,314 | 1,118,656 |
| Cash held at clearing houses | 92,764 | 150,284 |
| Cash equivalents | 1,026,102 | 1,001,043 |
| Total cash and bank balances | <u>2,366,180</u> | <u>2,269,983</u> |
| Cash overdraft at clearing houses | – | (300) |
| Total bank overdrafts | <u>–</u> | <u>(300)</u> |

11 Other creditors

| | 31.05.23 | 31.05.22 |
|--|---------------|---------------|
| | £ | £ |
| Amounts payable for cancellation of shares | 3,800 | 33,243 |
| Purchases awaiting settlement | 50,330 | 42,365 |
| Accrued expenses | 20,998 | 16,097 |
| Corporation tax payable | 3,852 | – |
| Total other creditors | <u>78,980</u> | <u>91,705</u> |

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 £2,901 (2022: £2,616).

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 225. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £46,500 (2022: £Nil) and £3,800 (2022: £33,243), 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 | 22.25% (2022: 0.00%) |
| Transact Nominees | 65.63% (2022: 80.29%) |

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £2,295,813 (2022: £Nil). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £12,296 and £11,771, accordingly.

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions (continued)

The net value of creations and cancellations for Transact Nominees during the year totalled (£1,346,809) (2022: £11,517,091.35). The distributions paid and payable to Transact Nominees during the year totalled £29,891 and £20,088, accordingly.

13 Classes of Shares

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

| | |
|---------|-------|
| Class C | 0.22% |
|---------|-------|

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

| Class | Opening Shares | Shares Created | Shares Liquidated | Shares Converted | Closing Shares |
|----------------------|----------------|----------------|-------------------|------------------|----------------|
| Class C Income | 2,860,771 | 1,237,087 | (684,484) | – | 3,413,374 |
| Class C Accumulation | 11,888,365 | 3,028,668 | (2,607,450) | – | 12,309,583 |

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

15 Risks Disclosures

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

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|-------------------------------------|----------------------------------|---|------------|
| Euro | 1,480 | – | – | 1,480 |
| US dollar | 523 | – | 2,055,272 | 2,055,795 |
| Pound sterling | 2,364,177 | – | 13,202,393 | 15,566,570 |
| | 2,366,180 | – | 15,257,665 | 17,623,845 |

| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
|----------------|--|---------------------------------------|--|-------------|
| US dollar | – | – | (3,818) | (3,818) |
| Pound sterling | – | – | (2,180,084) | (2,180,084) |
| | – | – | (2,183,902) | (2,183,902) |

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Interest rate exposure as at 31 May 2022

| | Floating Rate Financial Assets £ | Fixed Rate Financial Assets £ | Financial Assets not carrying interest £ | Total £ |
|----------------|---|--|---|-------------|
| US dollar | – | – | 2,245,898 | 2,245,898 |
| Pound sterling | 2,269,983 | – | 12,350,534 | 14,620,517 |
| | 2,269,983 | – | 14,596,432 | 16,866,415 |
| | Floating Rate Financial Liabilities £ | Fixed Rate Financial Liabilities £ | Financial Liabilities not carrying interest £ | Total £ |
| Euro | – | – | (98,305) | (98,305) |
| US dollar | (300) | – | (305,206) | (305,506) |
| Pound sterling | – | – | (2,177,776) | (2,177,776) |
| | (300) | – | (2,581,287) | (2,581,587) |

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

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Currency exposure as at 31 May 2023

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|---------------------------|-------------------------------|------------|
| Euro | 1,480 | – | 1,480 |
| US dollar | 3,104 | 2,048,873 | 2,051,977 |
| | 4,584 | 2,048,873 | 2,053,457 |
| Pound sterling | 2,392,265 | 10,994,221 | 13,386,486 |
| Net assets | 2,396,849 | 13,043,094 | 15,439,943 |

Currency exposure as at 31 May 2022

| Currency | Monetary Exposure £ | Non-Monetary Exposure £ | Total £ |
|----------------|---------------------------|-------------------------------|------------|
| Euro | – | (98,305) | (98,305) |
| US dollar | (300) | 1,940,691 | 1,940,391 |
| | (300) | 1,842,386 | 1,842,086 |
| Pound sterling | 2,218,447 | 10,224,295 | 12,442,742 |
| Net assets | 2,218,147 | 12,066,681 | 14,284,828 |

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives

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

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

The level of leverage of the Sub-fund (calculated using the sum of the notionals of the derivatives) under normal circumstance is expected to be generally in the range of 100% to 300% of the Net Asset Value of the Sub-fund and is not expected to exceed 500%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions. The lowest, highest and average leverage utilisation in the accounting period ended 31 May 2023 was 27%, 61% and 30% respectively (31 May 2022: 0%, 39% and 27% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

| Counterparty | 31.05.23 £ | 31.05.22 £ |
|---------------------------------------|----------------------|----------------------|
| Future Contracts | | |
| Coffee, Sugar & Cocoa Exchange | 12,601 | 10,885 |
| Forward Currency Contracts | | |
| Northern Trust | (27,145) | 141,846 |
| Total net exposure¹ | <u>(14,544)</u> | <u>152,731</u> |

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

iv. Fair value

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

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

Level 1

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

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

Level 2

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

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

Level 3

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

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

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|-------------------------------|------------------|------------------|--------------|-------------------|
| 31 May 2023 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 4,977,292 | 8,080,346 | – | 13,057,638 |
| Derivatives | 12,601 | – | – | 12,601 |
| Total | 4,989,893 | 8,080,346 | – | 13,070,239 |
| Liabilities | | | | |
| Derivatives | – | (27,145) | – | (27,145) |
| 31 May 2022 | | | | |
| Assets | | | | |
| Collective Investment Schemes | 4,411,281 | 7,502,669 | – | 11,913,950 |
| Derivatives | 10,885 | 160,163 | – | 171,048 |
| Total | 4,422,166 | 7,662,832 | – | 12,084,998 |
| Liabilities | | | | |
| Derivatives | – | (18,317) | – | (18,317) |

7IM PATHBUILDER 4 FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 219.

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 | 1,965 | – | – | – | – | – |
| Total | 1,965 | – | – | – | – | – |
| | | | | | | |
| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
| Sales | | | | | | |
| Collective Investment Schemes | 1,378 | – | – | – | – | – |
| Total | 1,378 | – | – | – | – | – |
| Total as a percentage of the average NAV | | 0.00% | 0.00% | 0.00% | | |

Analysis of direct transaction costs for the period ended 31 May 2022:

| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
|---|--------------------|----------------------|----------------|--|----------------------------------|----------------------------|
| Purchases | | | | | | |
| Collective Investment Schemes | 15,110 | – | – | – | – | – |
| Total | 15,110 | – | – | – | – | – |
| | | | | | | |
| | Principal £'000 | Commissions £'000 | Taxes £'000 | Total Transaction Costs £'000 | Commissions % of principal | Taxes % of principal |
| Sales | | | | | | |
| Collective Investment Schemes | 2,947 | – | – | – | – | – |
| Total | 2,947 | – | – | – | – | – |
| 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 0.13% (2022: 0.20%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 98.84p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 18 September 2023 was 102.54p. This represents an increase of 3.74% from the year end value.

7IM PATHBUILDER 4 FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

| | Net Revenue | Equalisation | Paid 31.01.23 ¹ |
|-----------------------|-------------|--------------|-------------------------------|
| Class C Income | | | |
| Group 1 | 0.7549 | – | 0.7549 |
| Group 2 | 0.6232 | 0.1317 | 0.7549 |

| | Net Revenue | Equalisation | Allocated 31.01.23 ¹ |
|-----------------------------|-------------|--------------|------------------------------------|
| Class C Accumulation | | | |
| Group 1 | 0.7630 | – | 0.7630 |
| Group 2 | 0.7148 | 0.0482 | 0.7630 |

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

| | Net Revenue | Equalisation | Paid 31.07.23 | Paid 31.07.22 |
|-----------------------|-------------|--------------|------------------|------------------|
| Class C Income | | | | |
| Group 1 | 1.1041 | – | 1.1041 | 0.7896 |
| Group 2 | 1.0706 | 0.0335 | 1.1041 | 0.7896 |

| | Net Revenue | Equalisation | Allocated 31.07.23 | Allocated 31.07.22 |
|-----------------------------|-------------|--------------|-----------------------|-----------------------|
| Class C Accumulation | | | | |
| Group 1 | 1.1222 | – | 1.1222 | 0.7891 |
| Group 2 | 0.7216 | 0.4006 | 1.1222 | 0.7891 |

¹ There are no comparative figures shown as the Sub-fund launched on 3 December 2021.

Equalisation

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

7IM OPPORTUNITY FUNDS

SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED

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

The following details the SFTR activities of the sub-funds during the year ended 31 May 2023 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 2023, securities lending was not undertaken and as at the year end, 31 May 2023, no securities were on loan for the following Sub-funds.

7IM Real Return Fund
7IM Select Moderately Cautious Fund
7IM Select Balanced Fund
7IM Select Moderately Adventurous Fund
7IM Select Adventurous Fund
7IM Pathbuilder 1 Fund
7IM Pathbuilder 2 Fund
7IM Pathbuilder 3 Fund
7IM Pathbuilder 4 Fund

Collateral

The sub-funds of the Company may engage in activities which may require collateral to be provided to a counterparty. As at the year end 31 May 2023, no collateral arrangements were in place in respect of securities lending transactions for the following sub-funds.

7IM Real Return Fund
7IM Select Moderately Cautious Fund
7IM Select Balanced Fund
7IM Select Moderately Adventurous Fund
7IM Select Adventurous Fund
7IM Pathbuilder 1 Fund
7IM Pathbuilder 2 Fund
7IM Pathbuilder 3 Fund
7IM Pathbuilder 4 Fund

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

7IM OPPORTUNITY FUNDS

GENERAL INFORMATION

Head Office

4th Floor
1 Angel Court
London EC2R 7HJ

Address for Service

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

Base Currency

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

Share Capital

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

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

Structure of the Company

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

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

Classes of Shares

The Company has the following active share classes 'C' Income, 'C' Accumulation, 'D' Accumulation and 'S' Income and 'S' Accumulation. The Company can issue any share class in accordance with the Prospectus.

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

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

Valuation Point

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

Buying and Selling Shares

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

Prices

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

7IM OPPORTUNITY FUNDS

GENERAL INFORMATION (continued)

Other Information

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

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 2023. These statements will be available on Seven Investment Management's website no later than 30 September 2023.

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