

7IM AAP ADVENTUROUS FUND

A Sub-fund of 7IM Investment Funds

Interim Short Report for the period end 31 May 2016

Investment Objective and Policy

The 7IM AAP (Asset Allocated Passives) Adventurous Sub-fund ('the Fund') aims, by applying active asset allocation techniques to predominantly passive strategies, to provide capital growth. There is a risk of wide fluctuations in capital values.

The Investment Manager will invest the majority of the portfolio in fixed interest and equity instruments using predominantly passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Investment Manager will also make investments in other asset classes such as property, commodities and private equities. Such investments will be made indirectly through holdings in investment trusts, exchange traded funds or other intermediary vehicles with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The asset allocation for the entire portfolio will be actively managed.

The Sub-fund invests predominantly in equities or instruments that track the returns of equity indices. Assets with scope for capital growth in real terms are likely to represent a major part of the portfolio. The Sub-fund may use different asset classes, with a substantial proportion primarily in equities or instruments that track the returns of equity indices.

Investment may also be made in fixed interest, warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the Company.

The Sub-fund may rely on third party advice on quantitative investment techniques or use third party quantitative investment software in the portfolio's construction.

The IA Flexible Investment Sector is the benchmark comparison against which the performance of the Sub-fund is measured.

Risk Profile

The Sub-fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objective as shown on the front page.

Accounting and distribution dates

	Accounting	Distribution
Interim	31 May	31 July
Final	30 November	31 January

Ongoing Charges Figures

As at 31 May 2016

	Class A	Class C	Class D	Class S
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.08%	0.08%	0.08%	0.08%
	1.08%	0.58%	1.48%	0.33%
Collective investment scheme costs	0.05%	0.05%	0.05%	0.05%
Ongoing Charges Figure	1.13%	0.63%	1.53%	0.38%

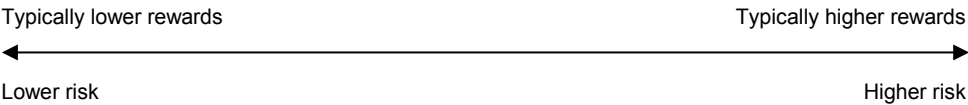
As at 30 November 2015

	Class A	Class C	Class D	Class S
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.06%	0.06%	0.06%	0.06%
	1.06%	0.56%	1.46%	0.31%
Collective investment scheme costs	0.05%	0.05%	0.05%	0.05%
Ongoing Charges Figure	1.11%	0.61%	1.51%	0.36%

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 Fund's net assets at the balance sheet date.

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 fund's returns have varied. It is a measure of a 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 shift over time.

Distributions

Share Class	Interim 31.07.16 pence per share	Interim 31.07.15 pence per share
Class A Income	0.7964	0.7862
Class A Accumulation	0.8503	0.8526
Class C Income	1.1061	1.0513
Class C Accumulation	1.2295	1.1615
Class D Income	-	0.5753
Class D Accumulation	0.5499	0.5928
Class S Income	1.0543	1.0133
Class S Accumulation	1.0877	1.0263

Performance Record

Class A Income

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	108.56	87.50	0.9439
2012	103.49	92.53	1.1498
2013	121.49	103.21	1.3134
2014	127.62	114.55	1.4134
2015	143.46	119.09	1.2952
2016*	129.39	111.45	1.0921

Class A Accumulation

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	110.70	89.22	0.9546
2012	106.48	95.36	1.1676
2013	126.91	107.28	1.3544
2014	134.91	120.32	1.4984
2015	152.26	127.09	1.3953
2016*	138.41	119.22	1.1667

Class C Income

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	108.69	87.59	1.4422
2012	103.54	92.45	1.6249
2013	121.65	103.17	1.8348
2014	127.85	114.57	2.0159
2015	143.56	119.22	1.8747
2016*	129.52	111.48	1.7205

Class C Accumulation

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	112.50	90.78	1.4792
2012	109.01	97.32	1.6962
2013	130.47	109.83	1.9442
2014	139.46	123.86	2.1779
2015	157.58	131.84	2.0608
2016*	143.91	123.86	1.9087

*To 31 May 2016.

Performance Record (continued)

Class D Income

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	107.93	86.88	0.4812
2012	102.72	91.99	0.6640
2013	120.57	102.56	0.8157
2014	126.60	113.78	0.9303
2015	142.43	118.20	0.8368
2016*	128.45	110.71	0.0423

Class D Accumulation

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	109.36	88.05	0.4857
2012	104.58	93.87	0.7454
2013	124.21	105.33	0.9140
2014	131.46	117.64	0.9755
2015	148.19	123.48	0.8666
2016*	134.21	115.68	0.5933

Class O Income

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	108.15	87.08	-
2012	103.03	92.30	0.6320
2013	121.40	102.96	0.6600
2014^	121.40	118.72	-

Class O Accumulation

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2011	109.10	87.83	0.3355
2012	104.30	93.60	0.6571
2013	123.53	104.98	0.7093
2014^	122.28	119.57	-

* To 31 May 2016.

^ Closed on 24 January 2014.

Performance Record (continued)

Class S Income

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2014^	106.87	97.80	0.8712
2015	119.95	99.61	1.8268
2016*	108.24	93.11	1.6839

Class S Accumulation

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2014^	107.76	98.24	0.8712
2015	121.90	102.09	1.8633
2016*	111.58	95.98	1.7323

* To 31 May 2016.

^ From 26 February 2014 to 31 December 2014.

Net Asset Value

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
30.11.13	Class A Income	1,140,097	957,728	119.04
	Class A Accumulation	1,838,345	1,470,148	125.04
	Class C Income	4,152,987	3,491,021	118.96
	Class C Accumulation	70,635,177	54,923,918	128.61
	Class D Income	339,225	286,665	118.34
	Class D Accumulation	25,131,958	20,542,846	122.34
	Class O Income*	299	250	119.60
	Class O Accumulation*	300	250	119.92
30.11.14	Class A Income	495,094	389,698	127.05
	Class A Accumulation	1,740,651	1,291,151	134.81
	Class C Income	4,533,820	3,571,085	126.96
	Class C Accumulation	133,271,752	95,638,880	139.35
	Class D Income	331,177	262,280	126.27
	Class D Accumulation	22,430,755	17,074,465	131.37
	Class S Income**	1,517,877	1,431,943	106.00
	Class S Accumulation**	19,274,762	17,894,866	107.71
30.11.15	Class A Income	297,364	229,708	129.45
	Class A Accumulation	1,169,405	844,518	138.47
	Class C Income	7,878,419	6,089,535	129.38
	Class C Accumulation	188,599,137	131,195,476	143.75
	Class D Income	129,934	100,997	128.65
	Class D Accumulation	12,698,317	9,444,887	134.45
	Class S Income	2,003,343	1,854,734	108.01
	Class S Accumulation	30,537,560	27,424,106	111.35
31.05.16	Class A Income	266,586	214,996	124.00
	Class A Accumulation	971,720	727,968	133.48
	Class C Income	7,838,134	6326,691	123.89
	Class C Accumulation	176,820,048	127,316,535	138.88
	Class D Income	25	20	125.00
	Class D Accumulation	8,043,021	6,216,991	129.37
	Class S Income	1,754,428	1,696,198	103.43
	Class S Accumulation	30,930,435	28,714,186	107.72

*The 'O' Income and 'O' Accumulation share classes were closed on 24 January 2014.

**The 'S' Income and 'S' Accumulation share classes were launched on 26 February 2014.

Fund performance to 31 May 2016 (%)

	1 year	3 years	5 years
7IM AAP Adventurous Fund	-10.39	10.97	25.73
IA Flexible Investment Sector*	-5.17	9.41	22.97

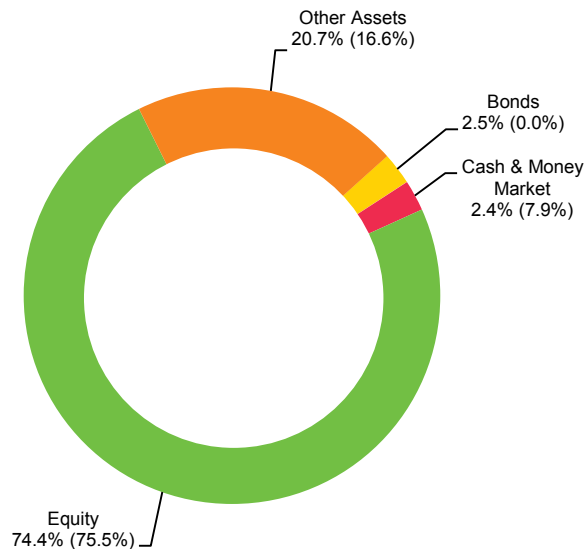
* Source: Morningstar.

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

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate variations.

Sector Spread of Investments



The figures in brackets show allocations at 30 November 2015.

Futures are measured by reference to the current notional exposure of the future, in other words, the economic interest in the underlying, although only the difference between the price on opening the position and the price on closing the position is settled. The sector spread of investments shown above is based on the market or notional value as a proportion of the net assets of the Fund (and therefore may not sum to 100%).

Major Holdings

The top ten holdings at the end of each period are shown below.

Holding	% of Fund as at 31.05.16	Holding	% of Fund as at 30.11.15
Most Diversified TOBAM Anti-Benchmark Emerging Markets	5.59	Most Diversified TOBAM Anti-Benchmark Emerging Markets	5.38
Northern Trust Global Sterling Fund	3.50	Merrill Lynch International & Company (linked to the Japan Shareholder Index) 2016	3.17
iShares US Property Yield	2.54	Royal London Cash Plus	3.12
iShares \$ High Yield Corporate Bond UCITS ETF	2.53	Northern Trust Global Sterling Fund	2.50
F&C Global Equity Neutral 3 Acc	2.21	iShares US Property Yield UCITS ETF	2.23
iShares Physical Gold ETC	1.98	F&C Global Equity Neutral 3 Acc	2.02
7IM US Equity Value Fund 'Z' Inc	1.96	iShares FTSE Europe Property Index	1.79
iShares FTSE Europe Property Index	1.86	Stadshypotek AB floating rate note 2018	1.44
Stadshypotek AB floating rate note 2018	1.54	Partners Group	1.09
Lloyds Bank floating rate note 2017	1.32	Abbey National Treasury Services floating rate note 2017	1.03

Investment Manager's Report

Performance Report

In the reporting period, 1 December 2015 to 31 May 2016, the portfolio delivered a total return of minus 3.4%¹. Over the same period the peer group average return for the IMA Flexible Investment sector which is the fund benchmark was minus 0.3%².

¹ Calculated using 71M AAP Adventurous C Acc units, published prices. Source: NTRS

² Source: FE Trustnet

Investment Background

The wave of pessimism that had dominated markets in the second half of 2015 continued into 2016 but after a shaky start to the year global equity markets staged somewhat of a recovery by the end of May, with the MSCI World Equity index eventually ending up 3.6% for the six month period under review.

January and February were very volatile months. In February the Japan Topix index dropped around 9% - the fall only mitigated for UK investors by the Japanese Yen being particularly strong almost offsetting the loss had those investors not hedged the currency. Falling oil prices were seen as raising the risks to global growth and there was a sharp withdrawal from risk assets. Investors sought out traditional safe havens such as global government bonds, which did relatively well over the six months. The Citigroup World Government Bond index ended up 11.5% in sterling terms.

The last three months of the six months were much calmer with economic data out of the US seemingly confirming economic recovery, further stimulus from the European Central Bank helping to build confidence in European markets and the oil price rallying further allaying fears of recession leading equity markets to largely recover earlier losses.

US equities were relatively strong over the six months with the S&P 500 index ending up 5.6% for sterling investors with a strong US dollar tailwind. The FTSE 100 index and MSCI Europe Ex-UK index were effectively unchanged over the six months for sterling investors. The best and worst performances were in Asia and Emerging Markets with the Hang Seng China Enterprises index down 8.1% on fears of a downturn in growth as the country repositions itself for the shift from an industrial to a services led economy. Russian and Brazil equity markets staged a strong recovery after last year's poor equity and currency performance, ending up over 10% and 20% respectively on the back of both strong markets and currencies. The oil price recovery helped Russian equities to progress while the likely impeachment of Brazil's President Rousseff seems to have reignited interest in Brazilian equities with investors hopeful that corruption and the anti-business culture will be at last be addressed.

Alternative investments performed strongly with gold, often a safe haven in times of financial stress, up 18.2% and the EPRA Global Property index up 5.9%. The Pound fell against most major currencies on fears about the future path of interest rates and growing concerns about the outcome of the EU referendum.

Portfolio Review

Our positioning at the beginning of the period reflected our view that the US, Europe, Japan and Emerging Markets equities are more attractive than UK equities. We saw risks around the EU referendum and had a relatively low allocation to UK equities. However, later in the period we trimmed the European value exposure to reduce concentration of exposure and bought UK equity value for its materials and energy exposure – effectively a global growth proxy. Value strategies tend to overweight small and mid-cap companies over large ones, a position we think will produce better returns than conventional large cap indices at present. In order to emphasis this source of return enhancement, we also bought futures on the small and mid-cap European equity index.

Investment Manager's Report (continued)

We sold China H shares which while they were cheap in absolute terms and also by historic standards have exhibited changing correlation with other blue-chip indices over the last year so there is a chance that, due to specific China issues, any short-term rally in developed markets might not be reflected in H shares. We also disposed of the Japan Shareholder certificate which had not performed as we had expected and as a means of reducing risk and later on reduced Japan equity exposure further having been less confident of Prime Minister Abe's reforms and that the risks around Japan equity had risen with global uncertainty. We felt that the proceeds of these sales would be better invested in US equity where we had turned more positive, following a year of lacklustre performance, and with the prospect of earnings this year unlikely to be encumbered by an adverse currency move. We therefore added to the US value strategy where the risks are less idiosyncratic.

The market dislocations of the early part of 2016 have created opportunities where assets may be significantly mispricing the real economic risks. One such risk that we identified was that the high yield bond expected risk/return profile, which has a fairly close correlation with equities, now looked more attractive than the US/European equity risk/return profile and so invested in a high yield bond exchange traded fund.

Alternative asset classes are attractive as diversifiers having low or no correlation with equities or bonds including asset classes such as private equity, real estate, commodities and hedge funds and other securities structures having low correlation with equities and bonds. When financial markets are volatile uncorrelated asset class returns help to reduce risk and enhance returns.

We made an allocation to 2018 EuroStoxx dividend futures which, with more than one year to maturity, behaves more like an equity than a bond and so is classified within European equity. Gold tends to perform well in periods of inflation and has a low correlation with equity and bond returns. We bought a holding in an exchange traded physical gold fund as a way of protecting the Sub-fund from the risks of inflation.

We also invested in a commodity curve strategy which benefits from harvesting of the investment premium which arises from the shape of the commodity curve.

During the period under review we lowered exposure to sterling by raising the allocations to other major currencies. We felt that in the run up to the EU referendum sterling could be highly volatile perhaps as a result of unfavourable poll results or other events and that reducing exposure to sterling would help hedge against such risks.

Investment Outlook

The EU referendum occurred after the period end and the fund was positioned for the most likely outcome, which according to the bookies and polls was Remain; although there were risk buffers in place to provide capital protection in the event of a surprise Leave outcome. We continued to make adjustments in the days and weeks running up to the vote, as probabilities shifted. We had added to risk off positions a couple of weeks before the vote before taking some small steps towards risky assets in the last week of the campaign as momentum appeared to swing back to Remain. In the small hours of Friday as the result became clear we bought US dollars to protect the portfolio from sterling depreciation. Equities obviously sold off sharply, particularly European equity and UK mid-caps. US and Asian equity was a little more resilient. Fortunately, the relatively large foreign exchange positions and other risk buffers such as long dated bonds and gold offset the equity losses.

There is clearly huge uncertainty from here – political, economic and market uncertainty. We are pleased that our protective measures appear to have worked well so far, but we are examining a range of possible scenarios and potential portfolio shifts, with major consideration given to how far sterling can fall. It seems possible that the political situation will remain in limbo for some time, with

Investment Manager's Report (continued)

Article 50 (the formal request to leave the EU) potentially not triggered until the Autumn, but the UK's wide current account deficit remains a particular headwind – sustainable if we see capital inflows into the UK, but a driver for sterling weakness if those capital flows are interrupted.

Seven Investment Management LLP

Investment Manager

June 2016

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.

Reports and Accounts

This document is a short report of the 7IM AAP Adventurous Fund for the period 31 May 2016. The full Report and Accounts for the Fund is available free of charge upon written request to Seven Investment Management LLP, 3rd Floor, 55 Bishopgate, London EC2N 3AS.

Other Information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Authorised Corporate Director ('ACD')

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Management Committee of the ACD

D. Carroll
C. Darbyshire
V. Smith
C. Sparrow
J. Urquhart Stewart
S. Sanderson
T. Sheridan
H. Paton (retired 8 April 2016)
R. Poulten
J. Routledge
P. Bungey (appointed 27 June 2016)

Sub-Investment Manager

Sarasin & Partners LLP is the sub-investment
manager providing investment advisory services
for the 7IM Sustainable Balance Fund.

Ibbotson Associates Inc is the sub-investment
manager providing investment advisory services
for the following sub-funds:

7IM Cautious Fund
7IM Moderately Cautious Fund
7IM Balanced Fund
7IM Moderately Adventurous Fund
7IM Adventurous Fund
7IM AAP Income Fund
7IM AAP Moderately Cautious Fund
7IM AAP Balanced Fund
7IM AAP Moderately Adventurous Fund
7IM AAP Adventurous Fund

Depository

Northern Trust Global Services Limited
50 Bank Street
London E14 5NT
(Authorised by the Prudential Regulation Authority
and regulated by the Financial Conduct Authority
and the Prudential Regulation Authority)

Registrar & Administrator

Northern Trust Global Services Limited
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