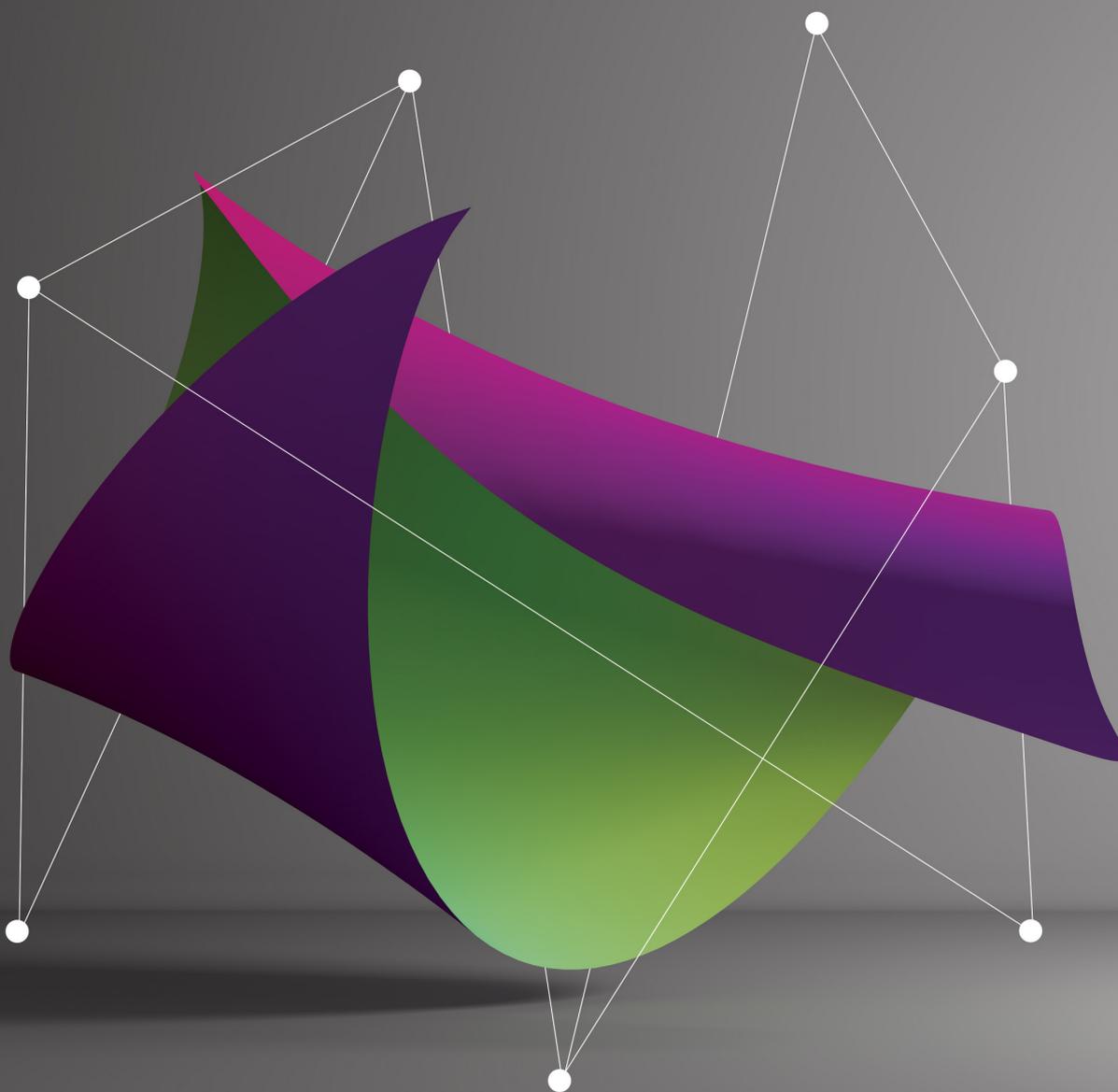


7IM: Assessment of value

March 2021



Succeeding together

7iM

**For funds with an accounting
period ending 30 November 2020**

AAP Range:

7IM AAP Adventurous

7IM AAP Moderately Adventurous

7IM AAP Balanced

7IM AAP Moderately Cautious

7IM Cautious

7IM AAP Income

Multi Manager Range:

7IM Adventurous

7IM Moderately Adventurous

7IM Balanced

7IM Moderately Cautious

7IM Sustainable Balance

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Introduction

The world has changed dramatically since we published our first assessment of value report 12 months ago. The disruption caused by the spread of Covid-19 has been unprecedented and means that all of us have reassessed our priorities, both personally and professionally.

For us at 7IM this has meant taking a long and hard look at our culture. Over the past 12 months we have embarked on a journey to reset our culture and regain our purpose, and I'm pleased to say that's exactly what we have done. My belief has always been that if you get the culture right, and if your colleagues feel valued, then they in turn will deliver value, regardless of how difficult the environment is.

It is thanks to our new more modern culture and renewed sense of purpose that we have been able to navigate this extremely difficult period successfully. I am proud of the spirit that my colleagues have demonstrated during this crisis. They have adapted incredibly quickly so that we have been able to deliver operational resilience as well as maintain a high level of service and communication throughout the pandemic.

While some things have changed at 7IM, some things remain, such as our guiding principles, one of which is to put our clients first. As part of this commitment, we want to ensure we are delivering value to our clients across a range of areas. This is why I believe that these assessment of value reports are so important. They challenge asset managers like us to really scrutinise whether we are demonstrating value across seven different metrics - not just performance and fees.

And, while greater consistency is required in how asset managers report on value, competitor reports have enabled us to look harder at our own funds and to answer questions such as whether our annual management charges are positioned appropriately and what service improvements we can make.

While we have made a number of improvements since our last report, we don't wish to ever be complacent and are always willing to listen and respond, so like last year we have once again identified areas for further improvement. Of course, if there are any areas you think we have overlooked, and you would like to share your views then please email: information@7im.co.uk.



A handwritten signature in blue ink, appearing to read 'D. Proctor'.

Dean M. Proctor, Chief Executive Officer, 7IM

A word from our Chief Investment Officer

The last 12 months have without exaggeration, been one of the worst years in economic, social and financial history. But as terrible as the last year has been, in investment management terms, it has provided a perfect obstacle course for investment managers to demonstrate that they are genuinely delivering value to investors.

It's our challenge as investment managers to put many of these social and political thoughts to one side and concentrate on the opportunities and risks facing us through the scenarios that have unfolded during the past 12 months. Our fundamental beliefs and core principles have helped us do this.

Our faith in the strategic asset allocation framework that underpins every portfolio we manage has been justified at a difficult time. Along with the financial trauma of 2008 and the 'surprising' outcome of the Brexit referendum, 2020 has been another year in which that framework has demonstrated its value as a solid foundation for our clients and our portfolios have held up exceptionally well and delivered periods of strong investment performance over the past 12 months.

While 2021 is starting to bring better news on both the pandemic and economic fronts, there will be undoubtedly be new challenges, not least of which will be the gradual removal of stimulus.

We will remain flexible, while trusting the beliefs and process that served us well over the last year. We will also continue to keep a keen eye on some of the longer-term economic and financial shifts that are taking place – such as the rise of Environmental, Social and Governance (ESG) considerations. We take a closer look at these considerations and what we are doing to address them both as an investment manager and as a business under the 'quality of service' section within this report.



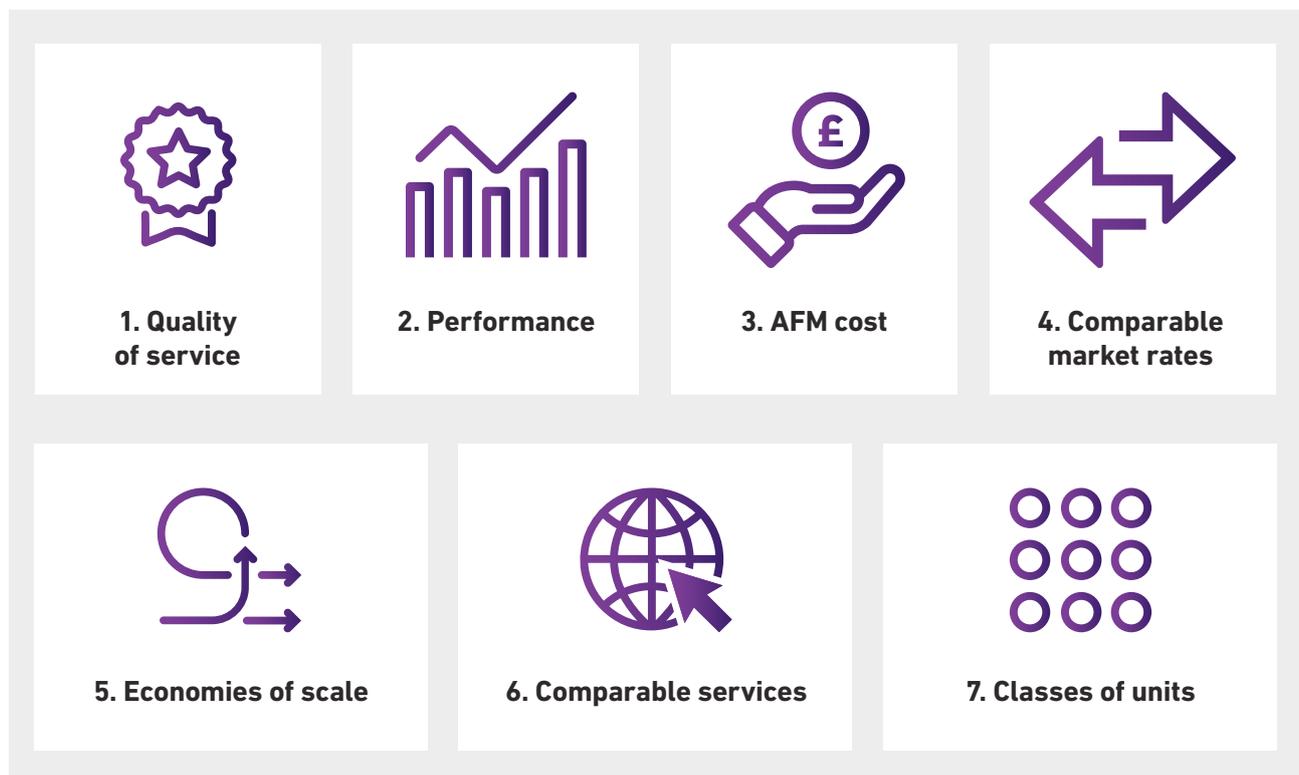
A blue ink handwritten signature of Martyn Surguy, written in a cursive style.

Martyn Surguy, Chief Investment Officer, 7IM

Recap: What is a value assessment?

In 2019, our regulator the Financial Conduct Authority (FCA), introduced new rules as part of its Asset Management Market Study (AMMS) to ensure the asset management industry acted in investors' best interests. As a part of these new rules, all authorised fund managers (AFM) such as 7IM are now required to carry out an annual assessment across their fund range to determine whether they are delivering value for money to investors.

This report will look to assess value according to the seven pillars set out in the FCA guidelines.



Our assessment of value report has been conducted by 7IM's Client Experience Team to ensure a customer-focused review. The findings from our assessment were presented to the board of directors, who reviewed and validated the conclusions drawn. The 7IM board of directors, includes two Independent Non-Executive Directors who bring an external perspective and undertake a key role providing independent oversight and challenging the approach taken where necessary.

The funds which are included in this report all fall under our 7IM Investment Funds umbrella, which includes our Multi Manager and Asset Allocated Passive (AAP) ranges along with our ESG-focused Sustainable Balance fund.

This includes the following funds:

7IM AAP Adventurous Fund

7IM AAP Moderately Adventurous Fund

7IM AAP Balanced Fund

7IM AAP Moderately Cautious Fund

7IM Cautious Fund

7IM Income Fund

7IM Adventurous Fund

7IM Moderately Adventurous Fund

7IM Balanced Fund

7IM Moderately Cautious Fund

7IM Sustainable Balance Fund

The remaining fund ranges will be assessed in an additional report that will be published in September 2021.

Actions we have taken since our last report

In last year's report we identified a number of areas for improvement. We have since reviewed these areas and taken the following steps:

Action	Status
Refresh the Investment Management Team structure and processes	<p>The leadership of the Investment Management Team has now been in place for over two years, while most of the senior team has been in place for at least seven years.</p> <p>Recruitment has been ongoing at a junior level, with three hires made in the course of 2020.</p> <p>Improvements to the investment process over the past two years have resulted in more structure, both in terms of decision-making and research direction.</p> <p>The mixture of quantitative and qualitative skill has been enhanced over time.</p>
Make information on funds more accessible to the investor	<p>In December 2020, 7IM launched a new and improved website. This included working with the leading data vendor, FE Fundinfo, to launch our 'Fund Centre' – a part of the website dedicated to giving investors and advisers access to fund prices, information and documentation on the 7IM funds.</p> <p>In addition, 7IM are also in the process of launching a new fund documentation service, again working with FE Fundinfo.</p>
Develop 7IM's brand, identity and culture as well as launch client centric vision, purpose and values	<p>Over the past 12 months we have taken a number of positive steps to develop our culture including: the formation of a Culture and Sustainability Committee, moving 350+ employees from in-office to at-home working in March 2020 and supporting them throughout the pandemic, the introduction of a new HR system for annual reviews, and putting in place improved mental health awareness, diversity and inclusivity plans.</p> <p>The results from our second Annual Employee Survey results have shown a marked increase in employee satisfaction and support from line managers.</p> <p>Furthermore, our Culture Programme won a gold award in partnership with ABSTRACT for 'external learning partnership of the year'.</p>

Action	Status
Enhance the experience of our customers, including the transfer of management of complaints to the Client Experience Team	 We have moved the complaint handling to our Client Experience Team. This has seen the average time taken to resolve complaints drop from nearly five weeks to under two weeks.
Learn from customer feedback by conducting periodic adviser surveys with the help of a third party	 In September 2020, we commissioned Cicero/AMO to undertake a telephone survey in order to better understand how we are viewed, across brand, proposition, service and communications, by advisers currently using 7IM products and services. The results are being used to inform future strategy.
Review / retender of third party contracts	<p>While we have been satisfied with our relationships with our third-party vendors, we have continued to review our contracts with them throughout 2020.</p>  Notable changes include our agreement with Sarasin & Partners, who assist us with the management of the equity component of our Sustainable Balance Fund, where we agreed a 15bps fee discount. We have also extended our agreement with MSCI, a data provider, to help support Environmental, Social & Governance (ESG) integration within the risk management policy. <p>We have replaced KPMG with BDO as our auditors for 2021 and will be carrying out further evaluation of Bloomberg to potentially replace Barra, whom our Investment Risk Team use for risk analysis.</p>
As part of 7IM's annual Product Governance review, assess costs and charges of funds against comparable offerings to consider whether they are justified and appropriate	 In our annual Product Governance review of the funds in this report, we have assessed their costs and charges against the market. While some of the funds are priced more expensively relative to the peer group, we concluded that, with the exception of the 7IM Sustainable Balance Fund (see below), they were priced appropriately. <p>We will continue to monitor and review our costs and charges against our peers.</p>
Review of all costs and charges related to the operation of the Sustainable Balance Fund	 In November 2020, the Annual Management Charge (AMC) on the C and S share classes of the Sustainable Balance Fund was lowered by 0.25%, to 1.00% and 0.75% respectively.
Review remaining book of business in legacy share classes	<p>We have identified a small number of investors who continue to hold legacy bundled share classes.</p>  We are in the process of converting investors to the corresponding cheaper, clean share class, subject to Authorised Corporate Director (ACD) approval.

A snapshot of our assessment of value

Fund	Quality of service	Performance	Cost	Economies of scale	Comparable market rates	Comparable services	Share classes	Overall assessment
7IM AAP Adventurous	●	●	●	●	●	N/A	●	●
7IM AAP Moderately Adventurous	●	●	●	●	●	N/A	●	●
7IM AAP Balanced	●	●	●	●	●	N/A	●	●
7IM AAP Moderately Cautious	●	● ↑	●	●	●	N/A	●	● ↑
7IM Cautious	●	● ↑	●	●	●	N/A	●	●
7IM AAP Income	●	● ↓	●	●	●	N/A	●	● ↓
7IM Adventurous	●	●	●	●	●	N/A	●	●
7IM Moderately Adventurous	●	●	●	●	●	N/A	●	●
7IM Balanced	●	●	●	●	●	N/A	●	●
7IM Moderately Cautious	●	● ↑	●	●	●	N/A	●	●
7IM Sustainable Balance	●	●	●	●	● ↑	N/A	●	● ↑

Key: ● Offers good value ● Offers reasonable value but action may be required ● Action required ↑↓ A change to the rating from last year's report



Quality of service

How are 7IM assessing value in relation to quality of service?

In appraising whether we offer good value when it comes to the quality of service we deliver, we have assessed both the quality of service we provide to our investors and also the quality of services we procure on behalf of them.

Quality of service assessment

Last year, in conducting our assessment of the quality of service we provide, we split our analysis into two broad areas – quality of fund management and the broader investor experience. This year we have also looked at the quality of risk management and ESG considerations given the increased focus in these areas from clients.

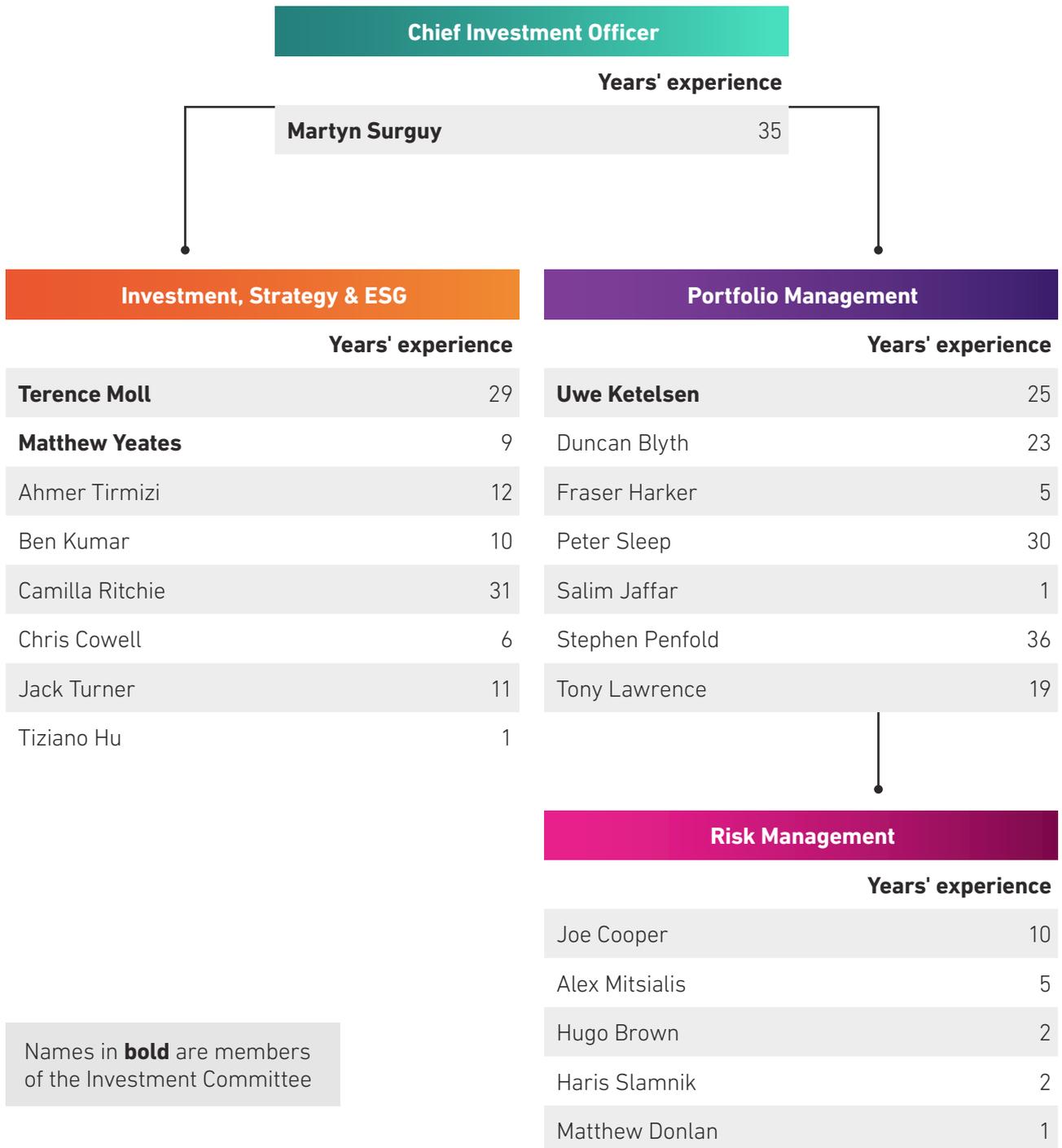
Quality of fund management

Our analysis into the quality of fund management that we offer investors covers five areas which are as follows:

Investment Management structure and personnel:

Our Investment Management Team is well-resourced with 16 investment professionals, many of whom have extensive experience in the industry and within the business. To complement this experience, recruitment has been ongoing at a junior level to bring fresh ideas and expertise to the team, with three hires made in the course of 2020.

The result is that we have a far better mixture of quantitative and qualitative skill within the team. Furthermore, each member of the Investment Team has clearly defined roles, responsibilities and accountabilities.

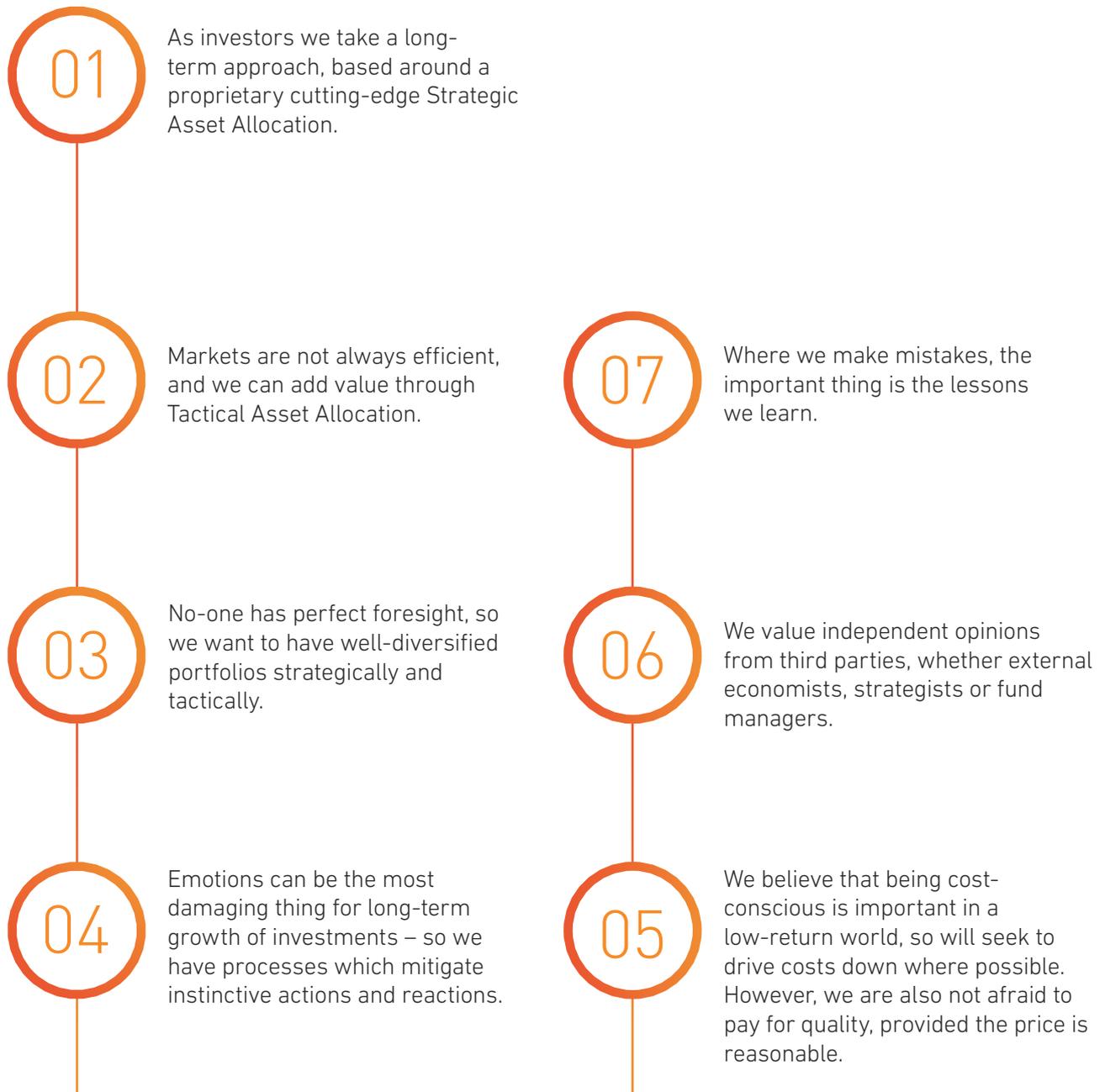


Quality of service

Continued

Philosophy:

7IM has always been clear about its investment philosophy, which is based on a number of key tenets:



Process:

Our process is structured around our Strategic Asset Allocation (SAA), which provides a robust framework for each fund. The SAA is designed to meet each fund's long-term risk and return guidelines and is reviewed annually. In keeping with our philosophy on active management, we will also take tactical positions (Tactical Asset Allocation) away from our SAA in line with market conditions.

Fund objectives:

Our fund objectives are designed to provide investors with guidance. We have recently reviewed our documents to ensure that we are following the latest industry practice.

Transparency:

We provide a high level of transparency on our funds. Details of all the fund holdings and their weightings are clearly displayed and provided on a timely basis. This is further supported by regular market commentary from our Investment Management Team.

Quality of risk management

At 7IM, we have always believed that the management of risk comes equal first. The Investment Risk Team plays a crucial role, working alongside the Investment Management Team albeit in an independent capacity, monitoring the funds for their volatility, liquidity and attribution, as well as carrying out a series of stress tests to understand how they could perform in extreme market conditions.

Over the past 12 months, the 7IM Investment Risk Team and their rigorous processes have been instrumental in managing the risks within our portfolios, helping to insulate our clients from the worst of the Covid-19 crisis.

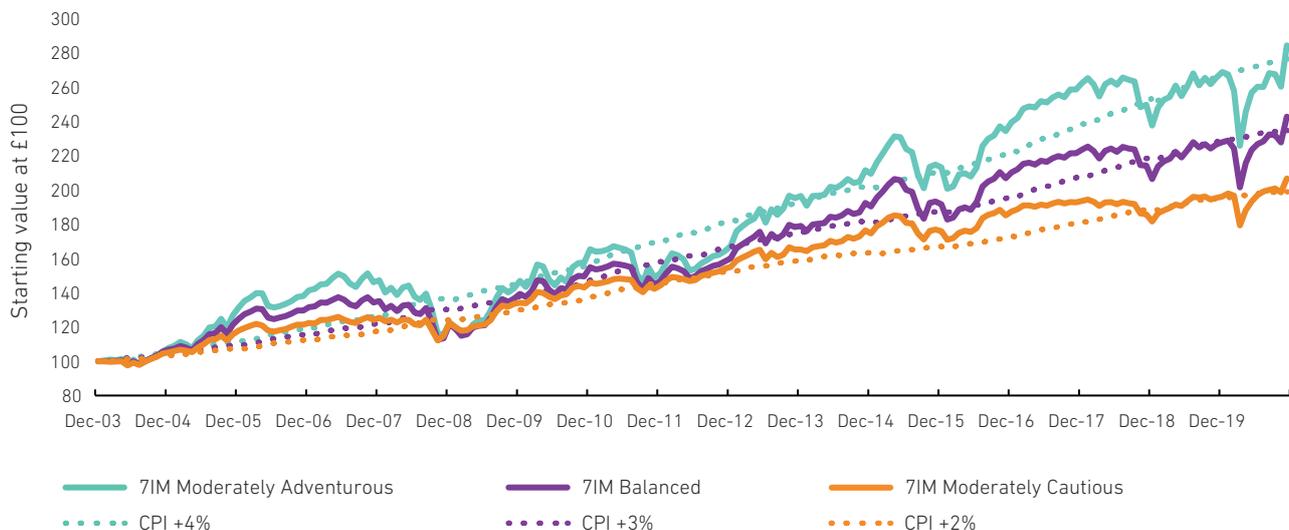
Quality of service

Continued

Validation of our quality of fund and risk management

At 7IM we have always believed in taking a long-term approach to investing to deliver steady returns, and our investment and risk management processes are centred around this philosophy. We believe that our approach to investment and risk management has proven its value and the below chart illustrates how we have consistently delivered inflation beating returns over the long term:

7IM vs CPI Inflation



Source: 7IM

You should be aware that the value of investments may go up and down and you may receive back less than you invested originally. Past performance is not a guide to future performance. Investment in these funds is not suitable for everybody; please consult an adviser before making a decision to invest. The specific details of the funds including investment policy, charges and the particular risks associated with the funds are explained in the Key Investor Information Documentation (KIIDs) –these are available via the 7IM website.

Broader investor experience:

In looking at the broader investor experience we deliver, we have looked at three key criteria:

Third parties:

As part of our previous assessment of value, we established a framework of our third-party suppliers which documents who (within 7IM) is responsible for managing our relationship with them, whether they are meeting their key performance indicators/service level agreements, and if not, what actions we are taking to address them.

Following some changes made over the course of 2020 (as outlined on page 9), our review this year concluded that we are satisfied with the relationships with our third-party suppliers and they are meeting the standards expected of them.

Client feedback:

As we did last year, we once again sought feedback from our clients regarding the quality of service we provide. This year we also sought feedback from the financial advisers that we partner with.

To determine the quality of service we provide our clients, 7IM participated in the 2020 UK Client Experience syndicated benchmark study, conducted by Aon. This included a survey conducted online for 7IM between September and October 2020, with a total of 244 client respondents completing the survey.

The key findings showed that:

- There are clear indications that our increased communication approach has worked during the Covid-19 pandemic
- Investment performance, despite improvements in the last year, continues to be an area of focus
- There was an increase in overall client satisfaction

In assessing the quality of service we provide financial advisers, we commissioned Cicero/AMO to undertake a telephone survey in September 2020 to better understand how we are viewed, across brand, proposition, service and communications, by those currently using 7IM products and services.

The key findings from our financial adviser survey showed that:

- Advisers who had adopted 7IM solutions in more recent years felt less favourably about short-term performance but those who had used 7IM historically acknowledged that 7IM's long-term performance is good
- Advisers were happy about the stewardship of 7IM's funds and believed 7IM to be a trustworthy company
- Advisers were happy with the breadth of 7IM's proposition

In our last assessment of value, one area that was identified by our clients that could be improved was our website. In response to this feedback, we launched a new and improved website in December 2020.

Complaints:

Due to the nature of 7IM's fund business, where the majority of assets are held on third party platforms, we rarely receive more than a handful of complaints every year in relation to our funds, from customers whose investments are held directly with us through our fund administrators, Northern Trust.

In the last year to the end of November 2020, 7IM received three complaints in this area.

Following last year assessment of value, we have moved the complaint handling to our Client Experience Team. This saw the average time taken to resolve all complaints, covering all aspects of 7IM's products and services, drop from nearly five weeks to under two weeks.

Quality of service

Continued

A focus on Environmental Social and Governance (ESG) considerations

As a business we have, for some time now, recognised that clients have been increasingly focussed on sustainability and ESG issues. With this in mind, we have been reviewing what we do both as an investor and as a business through this lens.

In 2019, 7IM signed up to the UN Principles for Responsible Investment (PRI), instilling in the business a firm commitment to incorporate ESG issues into how we manage our customers' money, as well as into our ownership policies and practices as a corporate citizen. For us as investors, the crucial PRI principles are the first two:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices. As signatories of the UNPRI we are required to report on the PRI principles, and this will form part of our assessment of progress and success in incorporating ESG into our investment process. We view the PRI requirements as complementing the UK Stewardship Code.

Over the last 12-18 months, ESG has been carefully integrated into each stage of our investment process, and an ESG Investment Committee has been established to discuss and monitor progress in this area. Furthermore, in 2021 we intend to incorporate metrics around the ESG rating and carbon footprint of our investment products into our portfolio and risk management reporting.

7IM has also been extremely active in embracing ESG and working principles in our business practices. The Covid-19 outbreak in early 2020 presented our industry with some unprecedented challenges, to which we believe 7IM responded well.

We moved 350+ employees to home working in just a few days; business continuity preparations we had already put in place meant ongoing service and communication levels with our customers were not affected.

Looking ahead, our Executive Committee have made a commitment to offset our carbon footprint from 2021 onwards. The culture programme initiated in 2019 was completed last year and has recently been given a gold award with our partners, ABSTRACT, for 'external partnership of the year'.

Finally, a Culture & Sustainability Committee will be established in early 2021 to oversee our work in this area, and to drive forward the messages of what culture and sustainability mean to us as a business.

Conclusion:

Providing a superior service has always been at the core of how 7IM operates. Our board of directors concluded that overall, 7IM provide a good quality of service.

However, we do not wish to be complacent, so the Client Experience Team will continue to review all aspects of the service we provide to our customers, identifying further areas for improvement.



Performance

How are 7IM assessing value in relation to performance?

The regulator has asked 7IM to compare the performance of our funds against their stated objectives over an appropriate timescale. In reviewing the performance of our funds, we have assessed them against their investment objectives and the Investment Association (IA) sectors to which they belong to determine whether they have performed in line with them.

7IM's investment philosophy and process is focused on long-term performance and the careful management of risks. It is guided by seven overarching principles as outlined in the quality of fund management section on page 14.

We therefore believe that it is also important that 7IM's investment philosophy is taken into account when assessing value in relation to performance.

Our findings for each fund are outlined below:

7IM AAP Adventurous

The fund's objective:

The fund aims to provide capital growth. Performance may be compared to the IA Flexible Investment sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a higher cumulative return than its benchmark. In most cases long-term investors have benefited as it has outperformed in approximately 74% of rolling 5-year performance windows since launch.

However, the fund's 5-year relative return is currently negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation (SAA).

In the last 12 months the fund has slightly lagged its benchmark, partly because its SAA underperformed in the major drawdown in the first quarter of 2020. However, the fund's adventurous TAA has recovered most of the recent underperformance and continues to benefit from a rising market.

The excellent long-term track record of the SAA and the recent outperformance of the TAA make us feel positive about the fund's future performance.

Conclusion:

Our board of directors believe that the 7IM AAP Adventurous Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM AAP Moderately Adventurous

The fund's objective:

The fund aims to provide a return primarily by way of capital growth with some income. Performance may be compared to the IA Mixed Investment 40-85% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a lower cumulative return than its benchmark. However, in approximately 50% of rolling 5-year performance windows since launch the fund has outperformed. The fund's 5-year relative return is currently negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation (SAA). The fund also underperformed in 2019 as it was tilted to value investments which have lagged in recent years.

In the last 12 months the fund has slightly outperformed its benchmark. Although the SAA has been a slight detractor, tactical decisions have generated significant value, particularly in November when having an adventurous stance was very rewarding.

The excellent long-term track record of the SAA and the recent outperformance of the TAA make us feel positive about the fund's future performance.

Conclusion:

Our board of directors concluded that despite some recent headwinds, the 7IM AAP Moderately Adventurous Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM AAP Balanced**The fund's objective:**

The fund aims to provide a balance of income and capital growth. Performance may be compared to the IA Mixed Investment 20-60% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a higher cumulative return than its benchmark. In most cases long-term investors have benefited as it has outperformed in approximately 66% of rolling 5-year performance windows since launch. However, the fund's 5-year relative return is currently marginally negative due to Tactical Asset Allocation (TAA) and selection decisions that in 2016 and 2019 detracted significant value from an outperforming Strategic Asset Allocation (SAA).

In the last 12 months the fund has significantly outperformed its benchmark as different layers of investment decision-making have contributed positively. The diversified nature of the SAA provided important protection in the first quarter selloff, while the TAA was made more adventurous ahead of the large rise in markets in the fourth quarter.

Given the fund's recent outperformance, as well as its positive long-term track record, our outlook remains positive.

Conclusion:

Our board of directors concluded that despite some recent headwinds, the 7IM AAP Balanced Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM AAP Moderately Cautious**The fund's objective:**

The fund aims to provide a return by way of income with some capital growth. Performance may be compared to the IA Mixed Investment 0-35% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance

Continued

Performance assessment:

In the last 10 years the fund has generated a slightly lower cumulative return than its benchmark. However, in approximately 50% of rolling 5-year performance windows since launch the fund has outperformed. The fund's 5-year relative return is currently negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation (SAA). Investment selection decisions also detracted value in 2019.

In the last 12 months the fund has significantly outperformed its benchmark as different layers of investment decision-making have contributed positively. The diversified nature of the SAA provided important protection in the first quarter selloff, while the TAA was made more adventurous ahead of the large rise in markets in the fourth quarter.

The excellent long-term track record of the SAA and the recent outperformance of the fund make us feel optimistic that the fund is on the right track.

Conclusion:

Our board of directors concluded that despite some recent headwinds, the 7IM AAP Moderately Cautious Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM Cautious

The fund's objective:

The fund aims to provide a return by way of income with some capital growth. Performance may be compared to the IA Mixed Investment 0-35% Shares sector which has been chosen because it is representative of the fund's agreed risk profile

and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

Since its launch in 2015 the fund has underperformed its benchmark. As a result, it hasn't yet outperformed over a rolling 5-year performance window. The Strategic Asset Allocation (SAA) of the Cautious Fund is deliberately designed to be more defensive than the IA Mixed Investment 0-35% Shares sector, with a significantly lower equity weight than the median to reduce volatility. Whilst the product is in the IA Mixed Investment 0-35% Shares sector, it should not be compared on a like for like return basis. Tactical Asset Allocation (TAA) and investment selection decisions in 2016 did however detract significant value from an outperforming SAA.

In the last 12 months the fund has outperformed its benchmark as different layers of investment decision-making have contributed positively. The defensive positioning of the investment SAA helped the fund to significantly outperform in the first quarter selloff, while the TAA was made more adventurous ahead of the large rise in markets in the fourth quarter.

We believe that the fund has performed as intended, significantly outperforming its benchmark in drawdowns while underperforming in equity market rallies due to its more defensive design. The excellent long-term track record of the SAA (100% outperformance over rolling 5-year performance windows since launch) is another reason we feel optimistic about the fund's long-term outlook.

Conclusion:

Our board of directors believe that the 7IM Cautious Fund has underperformed the sector since its launch in 2015 due to it structurally holding a lower-than-average equity exposure during a sustained period of market growth. However, it was noted that the fund has had periods of strong performance in the last year thanks to its defensive positioning relative to the peer group.

7IM AAP Income**The fund's objective:**

The fund aims to provide income, while seeking to maintain capital over the long term (five years or more). Performance may be compared to the IA Mixed Investment 0-35% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a lower cumulative return than its benchmark. Income funds significantly underperformed in the first quarter selloff of 2020 as companies' ability to pay income/dividends was impaired. However, in approximately 76% of rolling 5-year performance windows since launch the fund has outperformed. The fund's relative performance continues to improve as the global recovery gains pace.

We believe the fund's recent underperformance is understandable given its mandate and remain optimistic about its future performance due to its strong long-term track record.

Conclusion:

Our board of directors believe that the 7IM AAP Income Fund has generally delivered returns in line with the peer group over the medium-to-long term. However, it has underperformed in recent times due to its income-focused mandate as companies' ability to pay dividends was impaired during the early stages of the Covid-19 crisis.

7IM Adventurous**The fund's objective:**

The fund aims to provide capital growth. Performance may be compared to the IA Flexible Investment sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a significantly higher cumulative return than its benchmark. In most cases long-term investors have benefited as it has outperformed in approximately 54% of rolling 5-year performance windows since launch. The fund's 5-year relative return is currently negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation (SAA). Investment selection decisions also detracted value in the fourth quarter of 2018 as the portfolio was tilted to small-cap investments which underperformed.

In the last 12 months the fund has outperformed its benchmark. The TAA has been a significant positive contributor due to its adventurous positioning which continues to benefit from a rising market. Investment selection decisions have also contributed positively, particularly in equity asset classes.

Performance

Continued

The rising market, as well as the recent recovery of active fund management make us feel optimistic that the fund will continue its recent (and long-term) outperformance.

Conclusion:

Our board of directors believe that the 7IM Adventurous Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM Moderately Adventurous

The fund's objective:

The fund aims to provide a return primarily by way of capital growth, with some income. Performance may be compared to the IA Mixed Investment 40-85% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a lower cumulative return than its benchmark. However, in most cases long-term investors have benefited as it has outperformed in approximately 71% of rolling 5-year performance windows since launch. The fund's 5-year relative return is currently negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation (SAA). Investment selection decisions also detracted value in the fourth quarter of 2018 as the portfolio was tilted to small-cap investments which underperformed.

In the last 12 months the fund has significantly

outperformed its benchmark. The TAA has been a significant positive contributor due to its adventurous positioning which continues to benefit from a rising market. Investment selection decisions have also contributed positively, particularly in equity asset classes.

The rising market, as well as the recent recovery of active fund management make us feel optimistic that the fund will build on its recent outperformance.

Conclusion:

Our board of directors concluded that despite some recent headwinds, the 7IM Moderately Adventurous Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM Balanced

The fund's objective:

The fund aims to provide a balance of income and capital growth. Performance may be compared to the IA Mixed Investment 20-60% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a higher cumulative return than its benchmark. In most cases long-term investors have benefited as it has outperformed in approximately 78% of rolling 5-year performance windows since launch.

However, the fund's 5-year relative return is currently marginally negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation. Investment selection decisions also detracted value in the fourth quarter of 2018 as the portfolio was tilted to small-cap investments which underperformed.

In the last 12 months the fund has significantly outperformed its benchmark as different layers of investment decision-making have contributed positively. The diversified nature of the SAA provided important protection in the first quarter selloff, while the TAA was made more adventurous ahead of the large rise in markets in the fourth quarter. Additionally, investment selection decisions contributed positively across asset classes: actively managed alternative strategies significantly outperformed in the first quarter selloff, while active equity managers beat passive benchmarks during the second and third quarters.

Given the fund's recent outperformance, as well as its positive long-term track record, our outlook remains positive.

Conclusion:

Our board of directors believe that despite some recent headwinds, the 7IM Balanced Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

7IM Moderately Cautious

The fund's objective:

The fund aims to provide a return by way of income with some capital growth. Performance may be compared to the IA Mixed Investment 0-35% Shares sector which has been chosen because it

is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a lower cumulative return than its benchmark. However, in approximately 74% of rolling 5-year performance windows since launch the fund has outperformed. The fund's 5-year relative return is currently negative due to Tactical Asset Allocation (TAA) and investment selection decisions that in 2016 detracted significant value from an outperforming Strategic Asset Allocation. Investment selection decisions also detracted value in the fourth quarter of 2018 as the portfolio was tilted to small-cap investments which underperformed.

In the last 12 months the fund has significantly outperformed its benchmark as different layers of investment decision-making have contributed positively. The diversified nature of the SAA provided important protection in the first quarter selloff, while the TAA was made more adventurous ahead of the large rise in markets in the fourth quarter. Additionally, investment selection decisions contributed positively across asset classes, including UK equities, emerging market bonds and alternative strategies.

The excellent long-term track record of the SAA and the recent outperformance of the fund make us feel optimistic that the fund is on the right track.

Conclusion:

Our board of directors believe that despite some recent headwinds, the 7IM Moderately Cautious Fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term.

Performance

Continued

7IM Sustainable Balance

The fund's objective:

The fund aims to provide a balance of income and capital growth. Performance may be compared to the IA Mixed Investment 20-60% Shares sector which has been chosen because it is representative of the fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the fund's performance.

Performance assessment:

In the last 10 years the fund has generated a significantly higher cumulative return than its benchmark. In most cases long-term investors have benefited as it has outperformed in approximately 70% of rolling 5-year performance windows since launch. The fund's 5-year relative return is currently significantly positive and has improved further in the last 12 months as ESG-focused funds benefitted from the collapse in oil prices in the first quarter of 2020. Additionally, the Tactical Asset Allocation was made more adventurous ahead of the large rise in markets in Q4 2020, and investment selection decisions contributed positively across asset classes.

Given the fund's recent outperformance, as well as its positive long-term track record, our outlook remains positive.

Conclusion:

Our board of directors believe that the 7IM Sustainable Balance Fund has consistently delivered superior returns to the peer group.

Overall conclusion on performance:

Overall, our board of directors believes that the majority of our funds have performed broadly in line with their objectives.

Over the last five years our Strategic Asset Allocation (SAA) has delivered exceptionally strong returns and value. While our Tactical Asset Allocation (TAA) added significant value across our range during the Covid-19 crisis, over the last five years, certain decisions have at times led to periods of short-term underperformance. Similarly, some of our investment selection decisions have added significant value, such as the allocation to alternative strategies in 2020, while other decisions have underperformed over the period. Nonetheless, all the funds have delivered positive cumulative returns.

We continue to learn from these lessons and have continued to refine our investment process as well as bolster our Investment Management Team over the past 12 months.

From these lessons, we believe that over both the medium and long term our proprietary SAA, TAA and investment selection should deliver good value to investors and add to returns.

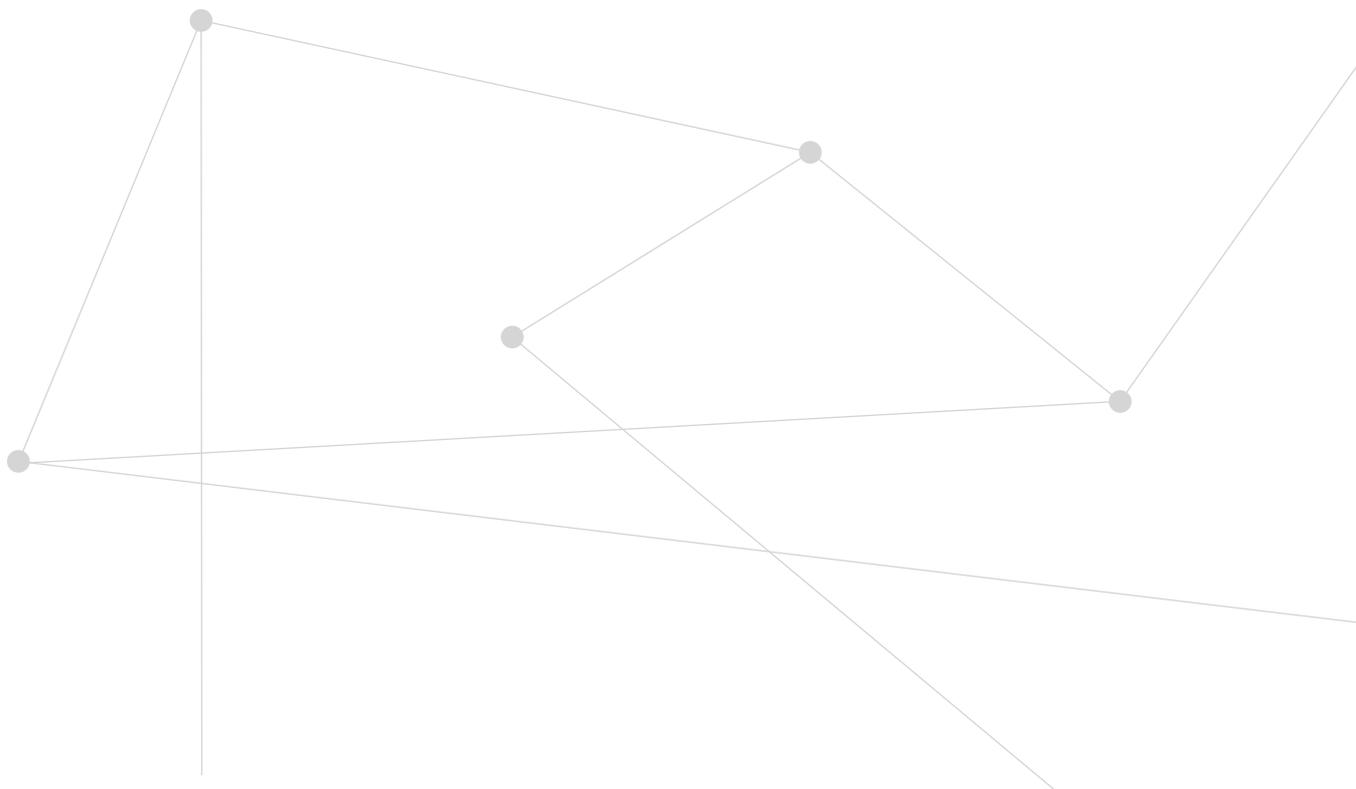
Authorised Fund Manager (AFM) costs

How are 7IM assessing value in relation to AFM costs?

The FCA has asked Authorised Fund Managers (AFMs) to compare the charges they levy against the cost of providing their services. In other words, we need to demonstrate that the charges paid by our investors are reasonable in comparison to the cost of the service they are receiving.

To assess whether our costs are reasonable and represent value, we have looked at our ongoing charge figure (OCF) of our primary clean 'C' share class of each of our funds, which is held by the majority of our investors. We have then compared these charges from our funds to the cost of all the funds within each of their respective sectors.

In addition, we have also reviewed all the underlying costs incurred in running the funds, including those provided by third parties. For example, authorised corporate director and depositary or trustee charges, audit fees, custody costs. We will also need to demonstrate that we are delivering value against these. In reviewing the additional costs incurred by the funds, the board of directors were satisfied that these were equal to the amounts actually paid.



Authorised Fund Manager (AFM) costs

Continued

AFM costs assessment

7IM AAP Range

7IM AAP Adventurous

OCF: 0.63%

Relative to all of the funds in the IA Flexible Investment sector, the fund has an OCF that is better than the sector median and sits in the first quartile.

7IM AAP Moderately Adventurous

OCF: 0.65%

Relative to all of the funds in the IA Mixed Investment 40-85% Shares sector, the fund has an OCF that is better than the sector median and sits in the top quartile.

7IM AAP Balanced

OCF: 0.68%

Relative to all of the funds in the IA Mixed Investment 20-60% Shares sector, the fund has an OCF that is significantly better than the sector median and sits in the top quartile.

7IM AAP Moderately Cautious

OCF: 0.70%

Relative to all of the funds in the IA Mixed Investment 0-35% Shares sector, the fund has an OCF that is lower than the sector median and sit in the second quartile.

7IM Cautious

OCF: 0.89%

Relative to all of the funds in the IA Mixed Investment 0-35% Shares sector, the fund has an OCF that is marginally lower than the sector median and sits in the second quartile.

7IM AAP Income

OCF: 0.88%

Relative to all of the funds in the IA Mixed Investment 0-35% Shares sector, the fund has an OCF that is marginally better than the sector median and sits in the second quartile.

7IM Multi Manager Range

7IM Adventurous

OCF: 1.47%

Relative to all active funds in the IA Flexible Investment sector, the fund has an OCF that is higher when compared to the sector median and sits in the third quartile.

7IM Balanced

OCF: 1.38%

Relative to all of the funds in the IA Mixed Investment 20-60% Shares sector, the fund has an OCF that is higher than the sector median and sits in the fourth quartile.

7IM Sustainable Balance Fund

OCF: 1.25%

Relative to all of the funds in the IA Mixed Investment 20-60% Shares sector, the fund has an OCF that is higher than the sector median and sits in the third quartile.

7IM Moderately Adventurous

OCF: 1.42%

Relative to all active funds in the IA Mixed Investment 40-85% Shares sector, the fund has an OCF that is higher than the sector median and sits the fourth quartile.

7IM Moderately Cautious

OCF: 1.38%

Relative to all of the funds in the IA Mixed Investment 0-35% Shares sector, the fund has an OCF that is higher than the sector median and sits in the fourth quartile.

Conclusion

7IM has always been conscious of costs. However, we also believe that being the cheapest does not necessarily mean that you are delivering value.

Having conducted our latest assessment on AFM costs, while our board of directors concluded that the majority of our funds are competitive on cost, we recognise that there is more that we could do.

As a result, we will continue to assess the costs and charges of our funds against comparable offerings to consider whether they are justified and appropriate, or whether they should be changed.



Comparable market rates

How are 7IM assessing value in relation to comparable market rates?

In determining whether 7IM offers value in relation to comparable market rates, we must assess the value of our charges objectively versus the market. In particular, we will be assessing the charges of each of the 7IM funds against a peer group of close competitors.

Comparable market rates assessment

Relative to their respective narrower peer groups, the funds within this assessment are priced at the more expensive end of their respective ranges and on this measure alone, it would indicate that we should continue to review our costs and charges.

In November 2020, we lowered the annual management charge (AMC) on the C and S share classes of the 7IM Sustainable Balance Fund by 0.25%, to 1.00% and 0.75% respectively.

Conclusion

When reviewing the cost of the 7IM funds against their respective peer groups alone, our board of directors concluded that action may be required across the range to ensure that 7IM's cost and charges remain competitive.

While we believe that being the cheapest does not necessarily mean that you are delivering value, we acknowledge that our costs could be more competitive against the various peer groups.

We will continue to assess the costs and charges of our funds as part of our annual Product Governance review.

Economies of scale

How are 7IM assessing value in relation to economies of scale?

As the number of investors or assets under management grow within a fund, we may be able to achieve economies of scale. We look at whether the savings achieved by the economies of scale have been passed on to investors.

Economies of scale assessment

In determining whether we offer value in relation to passing on savings achieved through economies of scale we have looked at the 11 funds covered in this report. These funds form part of two ranges – the 7IM Multi Manager Funds and the 7IM Asset Allocated Passive (AAP) Funds.

Having a set of multi-asset class funds with similar objectives (albeit across different risk profiles), with the same investment engine (the Strategic Asset Allocation) enables the Investment Management Team to use economies of scale in the construction and management of each fund. Treating all of the funds as a single portfolio of assets gives the team more time to carry out investment research and analysis, with less operational portfolio management at a fund-by-fund level, which we believe adds value over time to our investors.

7IM AAP Funds (C share class)				
Fund Name	OCF (%) as at 30/11/19	OCF (%) as at 30/11/20	Basis point change	
7IM Cautious	0.84	0.89	+5 bps	
7IM AAP Moderately Cautious	0.68	0.70	+2 bps	
7IM AAP Balanced	0.65	0.68	+3 bps	
7IM AAP Moderately Adventurous	0.67	0.65	-2 bps	
7IM AAP Adventurous	0.69	0.63	-6 bps	
7IM AAP Income	0.84	0.88	+4 bps	

7IM Multi Manager Funds (C share class)

Fund Name	OCF (%) as at 30/11/19	OCF (%) as at 30/11/20	Basis point change
7IM Moderately Cautious	1.38%	1.38%	No change
7IM Balanced	1.42%	1.38%	-4 bps
7IM Moderately Adventurous	1.50%	1.42%	-8 bps
7IM Adventurous	1.63%	1.47%	-16 bps

7IM Sustainable Balance Fund (C share class)

Fund Name	OCF (%) as at 30/11/19	OCF (%) as at 30/11/20	Basis point change
7IM Sustainable Balance*	1.43%	1.25%	-18 bps

The Ongoing Charge Figures (OCF) for 7 of the 11 funds have been reduced in the last year. The OCF of four of the AAP Funds has increased slightly; this is in part due to important tactical and portfolio management decisions taken in the last year, such as the move from gilts to more expensive fixed interest asset classes such as global high yield and emerging market bonds, and the removal of our in-house equity value strategies. These decisions have since aided the funds' relative performance.

Over the last 12 months, the Investment Management Team has been rationalising the number of securities held across the funds. For example, at the end of November 2019, the 7IM Balanced Fund held 40 different securities, whereas at the end of November 2020, it held 29. As well as having more conviction and belief in a more select number of underlying funds and

managers, this has given the team more power when negotiating access with managers either to cheaper share classes or rebates. This in particular, has been a key driver of the reduction in the Multi Manager Fund OCFs.

In November 2020, 7IM merged the six Dublin Funds into their UK equivalents. Whilst not a factor in this year's OCF calculations, we believe the mergers should create economies of scale by spreading the fixed running costs across a larger number of shareholders, which should result in lower OCFs for the funds from now on.

Conclusion

Our board of directors have concluded that we continue to apply economies of scale for the benefit of our investors.

* The Fund's Annual Management Charge was lowered by 0.25% on the C share class, from 1.25% to 1.00%, in November 2020

Comparable services

How are 7IM assessing value in relation to comparable services?

In this section, we consider the charges our investors pay when compared with other investors in similar or comparable funds.

As part of our comparison the regulator expects us to compare how our charges compare to investors in institutional mandates.

Comparable services assessment

Last year, we compared the charges of the funds in this report with those of the 7IM Dublin Fund range. These funds were closed in November 2020, so there are no longer any funds managed by 7IM that could be used as 'comparable services' for the purpose of this report.

Conclusion

As 7IM does not offer segregated mandates for institutional investors and because there are no longer any funds managed by 7IM that could be used as 'comparable services', our board of directors have concluded that the funds cannot be assessed against this criteria.



Classes of units

How are 7IM assessing value in relation to classes of units?

7IM offers different share classes so we need to appraise the relative expense of the share classes that investors hold as some may be more expensive than others. As such, we need to determine whether investors are in the most suitable share class given their investment objective.

Classes of unit assessment

The Retail Distribution Review (RDR), which came into effect at the beginning of 2013, triggered a wave of fund managers moving assets from bundled share classes to clean versions in an effort to create more transparency around fees.

Around this time, 7IM supported this development by converting all of its Discretionary assets, as well as those fund investments held directly with 7IM as opposed to via platforms, to the more transparent and lower cost clean C share class. Similarly, the majority of retail platforms that previously held bundled share classes also converted investors to the C share class.

However, certain distributors of 7IM funds continue to have access to the bundled A and D share classes, where they have confirmed with 7IM that they are entitled to continue to receive rebates from fund managers.

We shall write out to these firms asking them to re-confirm the arrangements they have in place to pass these rebates onto the end investor. If they do not respond within a given timeframe, we shall look to take action including potentially converting their holdings into the C share class.

There are a small number of investors who continue to hold these legacy share classes with no rebate in place. As mentioned in the Investment Association's guidance in the FCA's Policy Statement 18/8. We now have the authority to carry out share class conversions without express consent and have identified clients who we believe could be in cheaper share classes. We have completed our analysis and shall shortly be giving the relevant investors 60 days' notice of our intention to convert their holding unless they instruct us otherwise.

Conclusion

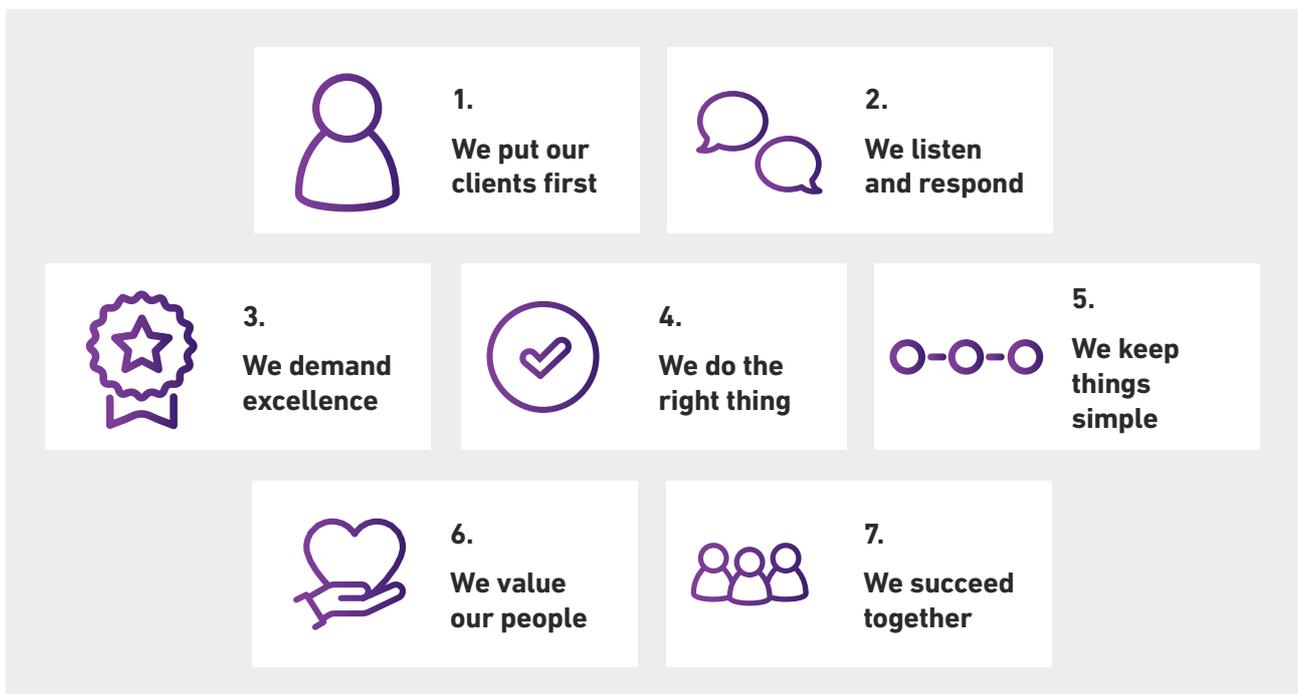
Overall, the board of directors concluded that vast majority of our investors are in the appropriate share class.

However, the board of directors recognised that some investors could benefit from being moved to the cheaper C share class. 7IM now have the authority to carry out share class conversions without express consent and have identified clients who we believe could be in cheaper share classes. We have a clear plan to convert investors who are still in legacy share classes to the appropriate clean share class in the coming months.

Summary of the value assessment

Our board of directors' overall conclusion was that in assessing value against the FCA's seven pillars, 7IM provides good or reasonable value to investors in the 11 funds that are covered in the report.

However, as with the conclusion of our previous assessment of value, we do not wish to be complacent and believe that we should always operate in the spirit of our culture and vision, which is centred around the following values:



With this in mind, we recognise that there is more that we could do for our investors and we will be taking the remedial actions outlined in the report so that we can deliver even better value to our investors.

Summary of the value assessment

Continued

Fund		Overall assessment
AAP	7IM AAP Adventurous	The fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, at below average cost. ●
	7IM AAP Moderately Adventurous	The fund, despite some recent headwinds although aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, at below average cost. ●
	7IM AAP Balanced	The fund, despite some recent headwinds although aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, at below average cost. ●
	7IM AAP Moderately Cautious	The fund, despite some recent headwinds although aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, at below average cost. ●
	7IM Cautious	The fund has underperformed the sector since launch in 2015 due to it structurally holding lower than average equity exposure during a sustained period of market growth (although it has been aided by periods of strong performance in the last year thanks to its defensive positioning relative to the peer group), at below average cost. ●
	7IM AAP Income	The fund has generally delivered returns in line with the peer group over the medium-to-long term, although it has underperformed in recent times due to its income-focused mandate as companies' ability to pay dividends was impaired during the early stages of the Covid-19 crisis, at below average cost. ●
Multi Manager	7IM Adventurous	The fund, aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, albeit it at higher than average cost. ●
	7IM Moderately Adventurous	The fund, despite some recent headwinds although aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, albeit it at higher than average cost. ●
	7IM Balanced	The fund, despite some recent headwinds although aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, albeit it at higher than average cost. ●
	7IM Moderately Cautious	The fund, despite some recent headwinds although aided by periods of strong relative performance in the last year, has generally delivered returns in line with the peer group over the medium-to-long term, albeit it at higher than average cost. ●
7IM Sustainable Balance	The fund has consistently delivered superior returns to the peer group, albeit it at higher than average cost. ●	

Key: ● Offers good value ● Offers reasonable value but action may be required ● Offers poor value and action required

If you would like further
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