

20 May 2024

Dear Investor,

## Notification to investors

### Merger proposal

**For investors in the 7IM AAP Income Fund (a sub-fund of 7IM Investment Funds).**

This Information Pack is important and requires your immediate attention. It contains information in relation to a proposed merger of the 7IM AAP Income Fund into the 7IM AAP Moderately Cautious Fund.

If, after reading this document, you wish to exercise your rights under it, you are requested to complete and return the enclosed voting form by email or post no later than 10.30am (UK time) on 10 June 2024.

You should consult a professional advisor if you require any assistance in assessing the options set out in this Information Pack.

Yours faithfully,



**Duncan Walker**

**Chief Financial Officer**

**Seven Investment Management LLP**

**Authorised Corporate Director of 7IM AAP Income Fund**

# About this Information Pack

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## Part A: Notification to investors

20 May 2024

**In this section capitalised terms have the meanings set out in the Glossary**

### Proposed Merger

You are a shareholder in the 7IM AAP Income Fund (the “**Merging Fund**”), a sub-fund of 7IM Investment Funds.

We, Seven Investment Management LLP (the “ACD”), are writing to inform you of a proposed Merger of the Merging Fund with the 7IM AAP Moderately Cautious Fund (the “**Receiving Fund**”), also a sub-fund of 7IM Investment Funds, how this will affect you, and the action you may need to take.

We have undertaken an assessment of the ongoing viability of the Merging Fund. Having considered a number of options, we have concluded that a merger of the Merging Fund and the Receiving Fund is in the interests of investors.

Investors in the Merging Fund will have an opportunity to vote on the proposal at an Investor Meeting, including by completing the enclosed Voting Form ahead of the Investor Meeting.

If the proposed Merger is approved by a vote of the Investors, on the Effective Date:

- Shares in the Merging Fund will be exchanged for New Shares in the Receiving Fund; and
- The Merging Fund will be closed.

Please read this Information Pack carefully - it provides full details of the proposal. If there is anything about which you are uncertain, we recommend that you consult a financial advisor.

### Reasons for the proposed Merger

The Merging Fund was launched in December 2003. As mentioned above, it is a sub-fund of the 7IM Investment Funds umbrella. It was originally launched as the 7IM Income Fund, and in February 2014 it was re-named the 7IM AAP Income Fund, with changes made to its investment objective, policy and strategy, as well as its charging structure, to reflect its addition to the 7IM AAP range within the 7IM Investment Funds umbrella.

Notwithstanding these changes, the size of the Merging Fund has gradually dwindled, as a result of steady outflows, to £27.8m as at 15 May 2024. Following analysis from its distribution network, the ACD does not consider that there is any prospect of attracting significant new investment into the Merging Fund.

In addition, the results of the Merging Fund’s Assessment of Value in March 2023 led the ACD to conclude that action needed to be taken, as the small size of the Merging Fund meant its fixed costs were disproportionately high, relative to its size and also to the other funds in the 7IM AAP range. As an immediate response to this, the ACD decided to subsidise these expenses, hoping for longer term growth in the Merging Fund. However, the Merging Fund continues to experience steady outflows, so the ACD has been considering what action to take to protect the interests of investors in the Merging Fund. The ACD has decided that the best course of action is to merge the Merging Fund with the Receiving Fund. The only other option would be to close the Merging Fund, which the ACD does not consider to be as favourable an outcome for investors as the proposed Merger.

The ACD believes the Receiving Fund is a good merger candidate for the Merging Fund as it has a very similar investment objective and policy, and the same investment management team who operate a consistent investment approach and manage the Funds to the same risk profile. The Receiving Fund is also part of the 7IM AAP range. Further details about the similarities, and some differences, between the Merging Fund and the Receiving Fund are set out in Parts B and C to this document.

### **Details of the proposal and the Merger process**

This Information Pack sets out the full terms of the proposed Merger, details of the procedure by which the Merger will be carried out and the action you should take.

### **Your vote counts**

For the Merger to be approved, the proposal requires at least three quarters by value (75%) of the votes cast at the Investor Meeting to be in favour. So, it is important that you exercise your right to vote in relation to the proposal.

We ask that you complete and return the enclosed Voting Form. Your Voting Form must arrive no later than 10.30am (UK time) on 10 June 2024.

If you are uncertain as to how to respond to this document, you should consult a financial advisor.

If you have any queries concerning the proposed Merger, please contact our team on 0333 300 0354. Full details are provided in this document.

## Part B: Details of the proposal

**In this section capitalised terms have the meanings set out in the Glossary**

### About the Merger

#### Why we are proposing the Merger

Please see Part A above for the full reasons for the Merger. Rather than simply terminating the Merging Fund, which would crystallise capital gains and potentially create tax liabilities for investors, the ACD is proposing a Merger that will result in shareholders in the Merging Fund becoming instead shareholders in the Receiving Fund, a much larger fund, which is more commercially viable through better economies of scale. The Receiving Fund is a good merger candidate as it has a very similar investment objective and policy, and the same investment management team who operate a consistent investment approach. The combined fund will feature lower ongoing costs and the potential to lower them further via raising further assets.

#### The Merging Fund and the Receiving Fund

The funds have similar investment objectives, aiming to deliver both income and capital growth, though the investment objective of the Merging Fund focuses on providing income while seeking to maintain capital over the long term, whereas the investment objective of the Receiving Fund is to provide a return by way of income with some capital growth.

Both funds invest directly and indirectly to achieve exposure of at least 80% to fixed interest and equity instruments.

The funds have a similar focus on indirect investment, and share the same investment approach, namely through the Strategic Asset Allocation (SAA) and Tactical Asset Allocation (TAA) investing mostly indirectly, including through collective investment schemes, investment trusts and exchange traded funds. The Merging Fund's portfolio includes some closed-ended holdings whereas the Receiving Fund's portfolio doesn't.

Both funds have been branded with the AAP (Asset Allocated Passive) brand, in line with other such funds in the AAP range. The Merging Fund and the Receiving Fund have been managed substantively in line with this investment strategy and hold substantively the same assets. Key differences are described in Part C.

Seven Investment Management LLP is the authorised corporate director of the Merging Fund and the Receiving Fund and the other parties involved in running both funds are the same. Many of the other operational features of the fund are the same. For example, the funds have the same valuation point at 12 noon and the same financial year end. Both the Merging and the Receiving Fund charge their Annual Management Charge ("AMC") against capital rather than income, however the Receiving Fund will take other expenses (such as administration, dealing and custody costs) from income. The AMC charged for the share classes of the Receiving Fund is either the same as, or lower than, that charged in the Merging Fund.

The Receiving Fund has the same annual and half-yearly accounting dates as the Merging Fund. Please see page 14 for details of the income distribution dates for both the Merging Fund and the Receiving Fund.

A full comparison of the Merging Fund and the Receiving Fund is set out below at Part C, and this includes further detail on the points mentioned here.

## Details of the Merger

If the Merger is approved, shareholders will receive New Shares in the Receiving Fund, in exchange for the transfer of the assets of the Merging Fund to the Receiving Fund on the terms set out in the Scheme. The value of your holding will not be impacted.

New Shares will be issued under the Merger as follows:

<b>Merging Fund current share class and type</b>	<b>New Share class and type to be issued in the receiving fund under the Merger</b>
<b>Class C Income and Accumulation</b>	Class C Income and Accumulation
<b>Class B Accumulation</b>	Class C Accumulation
<b>Class D Income and Accumulation</b>	Class D Income and Accumulation
<b>Class S Income and Accumulation</b>	Class S Income and Accumulation

No initial charge will be paid in respect of the issue of New Shares. Shares in the Merging Fund will be deemed to have been cancelled and will cease to be of any value and the ACD will proceed to terminate the Merging Fund.

Further details of the Merger are contained in Part D.

## Costs of the Merger

The costs of the Merger including the legal costs, accounting costs and any adjourned meeting costs will be met by Seven Investment Management LLP as authorised corporate director of the Merging and Receiving Funds.

There are no transaction costs envisaged as there will be no change in the composition of the Merging Fund to prepare it for the Merger, however should any transaction costs be incurred to align the Merging Fund with the Receiving Fund in preparation for the Merger, these would also be met by Seven Investment Management LLP as authorised corporate director of the Merging Fund.

## Your options

If you are an Investor at the Qualification Date, you have a right to vote on the proposal for the Merger as long as you still hold Shares in the Merging Fund on 17 May 2024. You can also exercise any of the options set out below.

Before making your choice, we recommend that you read the Key Investor Information Document (KIID) that reflects the Receiving Fund's investment policy and other key information about the Receiving Fund. It is available on our website at <https://www.7im.co.uk/7im-funds/fund-documentation-performance> or is available upon request from Seven Investment Management LLP, 1 Angel Court, London EC2R 7HJ or by contacting us on 0333 300 0354. You may also wish to consider your options in consultation with a professional adviser.

### **Option 1: Proceed with the outcome of the vote.**

If the Merger is approved, investors in the Merging Fund will receive New Shares in the Receiving Fund.

Alternatively, if the Merger is not approved, you will continue to hold your existing investment without any changes. In that case we will continue to review and assess the Merging Fund to determine the best outcome for it. We will consider if we need to take further action in relation to the Merging Fund, which could include terminating the Merging Fund. Investors would be notified in due course should any such further action be required.

### **Option 2: Switch your investment to another fund.**

You are entitled to switch your Shares for shares in another fund within our range, free of any charges.

You must ensure that you read the relevant KIID before switching into another fund within our range. All KIIDs are available from the literature library on our website (<https://www.7im.co.uk/7im-funds/fund-documentation-performance>) or available from the ACD.

A switch will be treated as a 'disposal' for UK tax purposes and you may be liable to capital gains tax on any gains arising from the switch of your Shares.

To exercise this option, please contact us on 0333 300 0354 until 13 June 2024. Please note that instructions to switch must also be made no later than 12:00 noon (UK time) on 13 June 2024.

### **Option 3: Redeem (sell back) your investment.**

You can redeem (sell back) your Shares.

A redemption will be treated as a 'disposal' for UK tax purposes and you may be liable to capital gains tax on any gains arising from the redemption of your Shares.

To exercise this option, please contact us on 0333 300 0354. Please note that instructions to redeem must also be made no later than 12:00 noon (UK time) on 13 June 2024.

## **The Investor Meeting and voting at it**

We invite Investors to vote on the proposed Merger by completing a Voting Form. At least three quarters by value (75%) of the votes made by Investors in the Merging Fund must approve the Merger for it to take place. If the proposal is approved, the Merger will take place on the Effective Date, and it will bind all Investors at that time whether or not they voted in favour of it, or voted at all.

Attachment 1 to this Information Pack is the formal Meeting Notice. The Meeting Notice sets out the wording of the proposal that Investors will vote on at the Investor Meeting (also known as a 'resolution').

As an Investor, you have a right to vote. To vote you do not need to attend the Investor Meeting - you can vote through an appointed representative (a 'proxy') who you instruct (which can include the Meeting's chairperson) by completing the Voting Form we mentioned above (please see Attachment 2 below). If the Merger is approved by 75% of the votes cast at the Investor Meeting, the Merger will take place on 14 June 2024.

The minimum number of participants for the Investor Meeting is two Investors, which can include Investors represented by a proxy (this minimum number of participants is known as the 'quorum'). At the time of the Investor Meeting, the ACD will exclude anyone it knows no longer holds Shares from voting or counting in the quorum.

Details of the outcome of the Investor Meeting will be available on our website at <https://www.7im.co.uk/7im-funds/fund-communications> shortly after the Investor Meeting.

## If the Merger goes ahead

The Merger will be governed by the detailed Merger Terms in Part D.

If the proposal is approved, on 14 June 2024 all of the property of the Merging Fund will be transferred to the Receiving Fund and the ACD will issue New Shares in place of any Shares in the Merging Fund. Please see Part C for information on the class of shares to be issued if the Merger proceeds.

If the Merger proceeds, you will become an investor in the Receiving Fund and we will take steps to terminate the Merging Fund.

## Dealings in Shares in the Merging Fund

In order to facilitate the Merger, dealings in the Merging Fund will be suspended from 12 noon on 13 June 2024. We will continue to process requests to buy, sell, switch or convert Shares in the Merging Fund in the normal way until 12 noon on 13 June 2024. Any requests received after this point will not be accepted. If the Merger proceeds, investors will need to submit any such requests in respect of New Shares in the Receiving Fund which will be dealt with from the first valuation point of the Receiving Fund after the Merger, which is expected to be 12 noon on 17 June 2024.

The ACD will notify investors of their new holding in the Receiving Fund within 14 days of the Effective Date. You may deal in your New Shares before you receive the letter of notification confirming the allocation of New Shares to you.

## Treatment of income

The Merging Fund's investments generate income and the Shares in the Merging Fund have an entitlement to a share of this income.

### *Income shares*

If you hold 'income shares' (sometimes labelled 'inc') you are paid the distributable income attributed to such shares at relevant interim and/or annual allocation dates.

### *Accumulation shares*

If you hold 'accumulation shares' (sometimes labelled 'acc'), this income is reflected in the value of your shares.



To make it easier to organise the Merger, we will introduce an additional accounting date for the Merging Fund ending at 12.01 p.m. (UK time) on the Effective Date. This will allow us to allocate any income that has built up between the start of the accounting period and the Effective Date.

#### *Income shares*

This income will be paid to you as soon as reasonably practicable after the Effective Date and in any event within two months of the Effective Date.

#### *Accumulation shares*

This income will be reflected in the value of the New Shares you receive under the Merger.

## Taxation

We would remind investors that the ACD is not responsible or liable for any personal tax which arises in relation to Investors' dealings in Shares in the Merging Fund, including in respect of the Merger.

#### UK Investors

This is a summary of our understanding of the current UK legislation and 'HM Revenue & Customs' practice relevant to UK resident investors regarding the issue of New Shares in relation to the Merger proposal. It may be subject to change.

We do not expect a difference in the tax treatment of your Shares in the Merging Fund and the New Shares in the Receiving Fund.

Based on our understanding of the tax legislation and confirmations from UK tax authorities, the Merger should not involve a 'disposal' of your Shares in the Merging Fund for capital gains tax purposes, whatever the size of your investment. New Shares issued to you under the Merger, should have the same acquisition cost and acquisition date for capital gains tax purposes as your Shares in the Merging Fund.

We do not expect UK stamp duty reserve tax or stamp duty or equivalent overseas taxes to be payable in respect of the transfer of the property of the Merging Fund to the Receiving Fund under the Merger. If any such equivalent overseas taxes are payable, they will be paid by the ACD.

Any redemption or switch is likely to be treated as a 'disposal' of your Shares in the Merging Fund for tax purposes and may give rise to capital gains tax on any gains arising from the redemption or switch of your Shares in the Receiving Fund.

**If you are in any doubt about your potential liability to tax, you should consult a professional adviser.**

#### Non-UK Investors

The tax consequences of the Merger may vary depending on the law and regulations of your country of residence, citizenship or domicile.

**If you are in any doubt about your potential liability to tax, you should consult a professional advisor.**

## Other information available to you

The following documents are all available on the ACD's website at <https://www.7im.co.uk/7im-funds/fund-documentation-performance>:

1. the current prospectus of the Merging Fund and the Receiving Fund;
2. the key investor information document (KIID) relating to the Merging Fund and the Receiving Fund;
3. the latest report and accounts for the Merging Fund and the Receiving Fund.

The following documents are available for inspection during normal business hours at the offices of the ACD or available by post upon request (please contact us on 0333 300 0354) until the date of the Merger:

1. the confirmation letter from the Financial Conduct Authority to the ACD's external legal advisers, Eversheds Sutherland (International) LLP;
2. the confirmation letter from HM Revenue and Customs to the ACD's external legal advisers, Eversheds Sutherland (International) LLP; and
3. the instrument of incorporation of the Merging Fund and the Receiving Fund.

## Summary of the key milestones (UK time, unless stated otherwise)

<b>17 May 2024</b>	The date at which a person must hold Shares in order to be eligible to vote (i.e. to qualify as an 'Investor', also known as the "Qualification Date")
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<b>10:30am on 10 June 2024</b>	The date by which we must receive your Voting Form
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<b>10:30am on 11 June 2024</b>	Investor Meeting
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<b>12 June 2024</b>	Outcome of the Investor Meeting published on the ACD's website
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### Additionally, if the Merger is approved by Investors:

<b>12 noon on 13 June 2024</b>	The last point for dealing in your Shares in the Merging Fund
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<b>12:01 p.m. on 14 June 2024</b>	End of interim accounting period in the Merging Fund
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<b>12:01 p.m. on 14 June 2024</b>	Valuations used for the purpose of the Merger
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<b>12:02 p.m. on 14 June 2024</b>	The point at which the Merger is effective
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<b>9:00am on 17 June 2024</b>	The point at which dealing in the New Shares becomes available
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## Part C: Comparison of the Merging Fund and the Receiving Fund

In this section capitalised terms have the meanings set out in the Glossary

The following tables identify aspects of the Receiving Fund that differ from the Merging Fund and set these out side-by-side. Further information in relation to the Receiving Fund is also contained in the enclosed copy of its KIID.

### Investment management

Below we have set out a comparison of various investment management characteristics of the Merging Fund and the Receiving Fund. This includes a comparison of the investment objectives and policies.

	The Merging Fund	The Receiving Fund
	<b>7IM AAP Income Fund</b> , a sub-fund of 7IM Investment Funds	<b>7IM AAP Moderately Cautious Fund</b> , a sub-fund of 7IM Investment Funds
<b>Fund launch date</b>	December 2003	March 2008
<b>Type of Fund</b>	UK UCITS	UK UCITS
<b>Fund size</b>	£27.8m as at 15 May 2024	£304m as at 5 May 2024
<b>Portfolio managers</b>	Seven Investment Management LLP	Seven Investment Management LLP
<b>Investment objective</b>	7IM AAP Income Fund aims to provide income, while seeking to maintain capital over the long term (5 years or more). In relation to “AAP” (Asset Allocated Passives), see the investment strategy section below.	7IM AAP Moderately Cautious Fund aims to provide a return by way of income with some capital growth. In relation to “AAP” (Asset Allocated Passives), see the investment strategy section below.
<b>Investment policy</b>	The AAP Income Fund invests directly and indirectly to achieve exposure of at least 80% to fixed interest and equity instruments. This exposure is, for the most part, obtained through passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes) but 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).	The 7IM AAP Moderately Cautious Fund invests, directly and indirectly, to achieve exposure of at least 80% to fixed interest and equity instruments. This exposure is, for the most part, obtained through passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes) but 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).

The Sub-Fund will also invest in other asset classes such as property, commodities and private equity, indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 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, treasury bills, government bonds or short-term money market instruments.

The Sub-Fund's investments will be more focussed on income generating assets such as corporate debt securities but there will be an allocation to growth generating assets such as global equities. The Sub-Fund is likely to 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.

The Sub-Fund will also invest in other asset classes such as property, commodities and private equity indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 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, treasury bills, government bonds or short-term money market instruments.

The Sub-Fund's investments will be more focussed on income generating assets such as corporate debt securities but there will be an allocation to growth generating assets such as global equities. The Sub-Fund is likely to 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.

**Investment Strategy:**

The starting point for the Manager's investment process is identifying the best mix of asset classes to create a strategic asset allocation ("SAA") customised for each 7IM risk profile. In creating the SAA, factors including expected risk and return are assessed by reference to quantitative and qualitative criteria, while the interaction between asset classes is also taken into account.

The ever-changing nature of financial markets dictates that there are opportunities to enhance return and reduce volatility on a tactical basis.

The starting point for the Manager's investment process is identifying the best mix of asset classes to create a strategic asset allocation ("SAA") customised for each 7IM risk profile. In creating the SAA, factors including expected risk and return are assessed by reference to quantitative and qualitative criteria, while the interaction between asset classes is also taken into account.

The ever-changing nature of financial markets dictates that there are opportunities to enhance return and reduce volatility on a tactical basis. As a result, 7IM's investment process

	<p>As a result, 7IM's investment process also makes use of tactical asset allocation ("TAA") which results in temporary and measured departures from the SAA. Any tactical changes are carefully monitored by 7IM's risk team.</p> <p>The Sub-Fund's portfolio of assets is constructed predominantly with passive securities. By Asset Allocation Passive we therefore mean that we actively choose instruments that are, for the most part, passively managed, where their objective is to closely track a pre-determined index.</p>	<p>also makes use of tactical asset allocation ("TAA") which results in temporary and measured departures from the SAA. Any tactical changes are carefully monitored by 7IM's risk team.</p> <p>The Sub-Fund's portfolio of assets is constructed predominantly with passive securities. By Asset Allocation Passive we therefore mean that we actively choose instruments that are, for the most part, passively managed, where their objective is to closely track a pre-determined index.</p>
<b>Synthetic Risk and Reward Indicator (SRI)</b>	4 volatility measured as medium to average.	4 volatility measured as medium to average.
<b>Comparator benchmark</b>	The Sub-Fund's performance may be compared to the IA Mixed Investment 0-35% Shares which has been chosen because it is representative of the Sub-Fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the Sub-Fund's performance.	The Sub-Fund's performance may be compared to the IA Mixed Investment 0-35% Shares sector until 16 August 2022 and then from 17 August 2022 to the IA Mixed Investment 20-60% Shares sector which has been chosen because it is representative of the type of assets in which the Sub-Fund invests. It is therefore an appropriate comparator for the Sub-Fund's performance.
<b>Performance fee</b>	No.	No.
<b>Investment Association sector</b>	Mixed Investment 0-35% Shares.	Mixed Investment 20-60% Shares.
<b>Frequency of distributions</b>	31 July (final) 31 October, 31 January, 30 April (interim)	*31 July (final) 31 October, 31 January, 30 April (interim)

\*Currently only biannual distributions on 31 July and 31 January but, two additional distributions a year as shown will be added to the Receiving Fund with effect from the Merger date.

**Both the Merging and the Receiving Fund take the AMC from capital. The Merging Fund will take expenses (such as administration, dealing and custody costs) from capital, but the Receiving Fund takes its expenses from income. Therefore, the amounts distributed will be lower in the Receiving Fund. However, it will be more inclined to retain its relative capital value and additionally, because of the relative size of the Receiving Fund, the expenses taken are lower and expected to have less impact.**

### Asset Allocation and Comparator Benchmarks

The only material difference in asset allocation between the Merging and the Receiving Funds is in relation to the allocation to alternative strategies such as hedge fund strategies, currency and property. The increased allocation to alternative strategies in the Receiving Fund, although not yield generating, helps the Receiving Fund with overall risk management and maintenance of its capital objectives.

The Merging and Receiving Funds also have different Comparator Benchmarks as indicated in the table above. The Merging Fund uses the IA 0-35% Shares and the Receiving Fund uses the IA 20-60% Shares (this was changed from the IA 0-35% approximately 18 months ago).

As the sector names suggest, there is an overlap of the minimum/maximum parameters and both the Merging and the Receiving Funds have historically been towards the upper end of the 0-35% parameters for equity exposure (which led to the move for the Receiving Fund as the manager wished to increase the equity exposure the Receiving Fund's Strategic Asset Allocation going forward). In practice, the differences in equity exposure have historically been marginal.

### **Analysis of yield profiles**

Both funds aim to deliver a return primarily by way of income, but with some capital growth. The magnitude and composition of either fund's total return also depends on market conditions. Whilst the Merging Fund has the term 'Income' in its name and the Receiving Fund does not, the Manager's calculations have indicated that the forward-looking base level of income generated by the Receiving Fund is expected to be aligned with the yield generated by the Merging Fund historically.

## Share classes

In the table below, we have set out the various Shares in issue in the Merging Fund and the corresponding New Shares in the Receiving Fund that will be issued to Investors in that class if the Merger proceeds. Any variations in eligibility criteria that are more stringent in the Receiving Fund will be waived for New Shares issued under the Merger.

	The Merging Fund				The Receiving Fund		
<b>Available share classes</b>	C	S	B	D	C	S	D
	Shares (£)	Shares (£)	Shares (£)	Shares (£)	Shares (£)	Shares (£)	Shares (£)
	Income ISIN: GB0033953943	Income ISIN: GB00BJBPWG64	Accumulation ISIN: GB0033953836	Income ISIN: GB00B0438H74	Income ISIN: GB00B2PB2051	Income ISIN: GB00BJBPWV16	Income ISIN: GB00B39LMT72
	Accumulation ISIN: GB0033954024	Accumulation ISIN: GB00BJBPWF57		Accumulation ISIN: GB00B0438L11	Accumulation ISIN: GB00B2PB2168	Accumulation ISIN: GB00BJBPWT93	Accumulation ISIN: GB00B39LMP35
<b>Minimum initial investment / minimum holding</b>	£1,000	£10,000,000	£500,000	£1,000	£1,000	£10,000,000	£1,000
	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
<b>Minimum subsequent investment / minimum redemption</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	N/A provided minimum holding maintained	N/A provided minimum holding maintained	N/A provided minimum holding maintained	N/A provided minimum holding maintained	N/A provided minimum holding maintained	N/A provided minimum holding maintained	N/A provided minimum holding maintained
<b>Annual Management Charge</b>	0.50%	0.25%	1.35%	1.55%	0.50%	0.25%	1.40%
<b>Ongoing Charges Figure</b>	0.85%	0.60%	1.7%	1.9%	0.66%	0.41%	1.56%

## Other features

For completeness we have set out a few final comparisons between the Merging Fund and the Receiving Fund.

	<b>The Merging Fund</b>	<b>The Receiving Fund</b>
<b>Legal vehicle (umbrella)</b>	7IM Investment Funds	7IM Investment Funds
<b>Fund reference currency</b>	GBP	GBP
<b>Fund valuation point</b>	12 noon daily	12 noon daily
<b>Financial year end</b>	31 May	31 May

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## Part D: Merger Terms

20 May 2024

**In this section capitalised terms have the meanings set out in the Glossary**

The following section sets out the legal process for the Merger.

### **1. Definitions and interpretation**

- 1.1. References to paragraphs are to paragraphs of these Merger Terms.
- 1.2. The Glossary is deemed to form part of these Merger Terms.
- 1.3. If there is any conflict between these Merger Terms and the Merging Fund's constitutional document, then the constitutional document will prevail.

### **2. Approval of Investors**

- 2.1. The Merger will only take place if the Merger itself, and these Merger Terms, are approved by an extraordinary resolution of Investors.
- 2.2. If the extraordinary resolution referred to at 2.1 is passed, the Merger will be binding on all Investors (whether or not they voted in favour of it, or voted at all) and the Merger Terms will be carried out as set out in the following paragraphs.

### **3. Effective Date**

- 3.1. If approved by Investors, the ACD intends for the Merger to become effective on the Effective Date of 14 June 2024.

### **4. Type of merger**

- 4.1. The Merger is a scheme of arrangement within the meaning of Chapter 7.6 of COLL.

### **5. Last dealings in the Merging Fund**

- 5.1. The last dealing in Shares in the Merging Fund will be at 12 noon on 13 June 2024.
- 5.2. Any dealing instructions received after 12 noon on 13 June 2024 will not be accepted. If the Merger proceeds, investors will need to submit any such requests in respect of New Shares in the Receiving Fund which will be dealt with from the first valuation point of the Receiving Fund after the Merger, which is expected to be 12 noon on 17 June 2024.

### **6. Income allocation and distribution arrangements**

- 6.1. The additional interim accounting period of the Merging Fund will end at 12:01 p.m. on the Effective Date.
- 6.2. All income (actual or estimated) that has accrued in the interim accounting period and is:
  - 6.2.1. available for allocation in relation to accumulation shares, will be transferred to the capital account of the Merging Fund, allocated to the accumulation shares, and reflected in the value of those shares (and used to calculate the number of the New Shares in the Receiving Fund under the Merger).
  - 6.2.2. available for distribution in relation to income shares, will be allocated to the income shares, transferred to the distribution account, and, within two months, distributed to Investors.
- 6.3. Any interest earned on income while held by Northern Trust as the depositary of the Merging Fund, will be treated as the property of the Merging Fund but will not increase the number of New Shares to be issued in the Receiving Fund under the Merger.

### **7. Calculation of the Merging Fund Value and the Receiving Fund Value**

- 7.1. The Merging Fund Value and the Receiving Fund Value will be calculated as at 12:01 p.m. on the Effective Date (as additional valuations for the purposes of the Merger).
- 7.2. The Merging Fund Value and the Receiving Fund Value will be used to calculate the number of New Shares of the appropriate class to be issued to each Investor in the Merging Fund under paragraphs 8 and 9.

## **8. Transfer of property from the Merging Fund to the Receiving Fund and issue of New Shares**

- 8.1. The ACD will, in consultation with Northern Trust, calculate an amount necessary to meet the actual and contingent liabilities of the Merging Fund after the Merger (the Retained Amount). The Retained Amount is to be retained by Northern Trust as Depositary of the Merging Fund for the purposes of discharging those liabilities.
- 8.2. The property of the Merging Fund will become part of the property of the Receiving Fund in exchange and in full payment for the issue of New Shares. Northern Trust will cease to hold the property of the Merging Fund (less the Retained Amount) as attributable to the Merging Fund, and will hold the property as attributable to the Receiving Fund and Northern Trust will ensure that any necessary transfers or re-designations are carried out.
- 8.3. The ACD will arrange New Shares to be issued to Investors (who are registered as holding Shares in the Merging Fund on the Effective Date) free of any initial charge. The type of New Shares to be issued is detailed in the Investor Mailing.
- 8.4. All Shares in the Merging Fund will be deemed to be cancelled and will cease to be of any value as at 12:02 p.m. on the Effective Date.
- 8.5. Investors will be treated as exchanging their Shares in the Merging Fund for New Shares in the Receiving Fund.

## **9. Basis for the issue of New Shares**

- 9.1. The price of New Shares of the appropriate class in the Receiving Fund to be issued under the terms of this Scheme will be the price based on the Receiving Fund Value as at 12:01 p.m. on the Effective Date.
- 9.2. New Shares of the appropriate class and type will be issued to each Shareholder invested in the Merging Fund in proportion to that Shareholder's individual entitlement to the Merging Fund Value as at 12:01 p.m. on the Effective Date.
- 9.3. The full formula used in calculating a Shareholder's entitlement to New Shares in the Receiving Fund is available on request.
- 9.4. The number of New Shares in the Receiving Fund to be issued to each Shareholder will (if necessary) be rounded up to the nearest fraction at the expense of the ACD (which will, as soon as practicable or at least within four business days of the Effective Date, accordingly, pay into the Receiving Fund an amount equal to the value of the additional shares issued as a result of the rounding up).

## **10. Notification of the New Shares issued under these Merger Terms**

- 10.1. Certificates will not be issued in respect of New Shares.
- 10.2. The ACD intends to notify each Investor (or, in the case of joint holders, the first named holder on the register) of the number and class of New Shares in the Receiving Fund issued to that Investor within 14 days following the Effective Date.
- 10.3. Transfers or redemptions of New Shares in the Receiving Fund issued under these Merger Terms may be carried out from the next business day after the Effective Date.

## **11. Termination of the Merging Fund**

- 11.1. After the Merger has taken place, the ACD will make arrangements to terminate the Merging Fund.
- 11.2. The Retained Amount (which will be made up of cash and other assets, if necessary) and any income arising on it, will be used by Northern Trust to pay any outstanding liabilities of the Merging Fund in accordance with the directions and instructions of the ACD and the provisions of the instrument of incorporation and the Prospectus of the Merging Fund and any applicable laws or regulations.
- 11.3. If, on the completion of the termination of the Merging Fund, there are any surplus monies remaining in the Merging Fund, they, together with any income that has arisen, will be transferred to the Receiving Fund. No further issue of shares in the Receiving Fund will be made as a result. Northern Trust will cease to hold the Retained Amount in its capacity as depository of the Merging Fund and will make any transfers and re-designations as the ACD may direct or instruct.
- 11.4. If the Retained Amount is insufficient to discharge all the liabilities of the Merging Fund, Northern Trust will pay the amount of the shortfall out of the scheme property attributable to the Receiving Fund in accordance with the directions and/or instructions of the ACD and the Regulations.
- 11.5. On completion of the termination of the Merging Fund, Northern Trust and the ACD will be discharged from all their obligations and liabilities in respect of the Merging Fund, except those arising from a breach of duty before that time. Termination accounts in respect of the Merging Fund will be drawn up and will be made available to Investors on request.
- 11.6. If, after the completion of the termination of the Merging Fund, contingent assets arise that were not recognised (or were only partly recognised by the ACD and Northern Trust at the time of the Effective Date), those assets will be transferred to the Receiving Fund less any costs that the ACD or Northern Trust might incur in securing these assets for the Merging Fund.

## **12. Costs, charges and expenses**

- 12.1. Up to the Effective Date, the ACD will continue to receive their usual fees and expenses out of the property of the Merging Fund for being the manager of the Merging Fund. Northern Trust will also be entitled to expenses properly incurred in connection with carrying out its responsibilities under these Merger Terms.
- 12.2. Save for where expressly stated otherwise, Seven Investment Management LLP, as authorised corporate director of the Merging Fund, will bear the costs of preparing and implementing the Merger under these Merger Terms.

## **13. the ACD and Northern Trust to rely on register**

- 13.1. The ACD and Northern Trust are entitled to assume that all information contained in the register of Investors of the Merging Fund on the Effective Date is correct, and will use that information to calculate the number of New Shares in the Receiving Fund to be issued and registered under these Merger Terms.
- 13.2. The ACD may act and rely on any certificate, opinion, evidence or information provided to it by its professional advisers or by the auditors of the Merging Fund in connection with these Merger Terms and will not be liable or responsible for any resulting loss.

## **14. Alterations to these Merger Terms**

- 14.1. These Merger Terms may be amended by the ACD with the consent of Northern Trust.

## **15. Governing law**

- 15.1. These Merger Terms are governed by and will be construed in accordance with the laws of England and Wales.

## Part E: Glossary

20 May 2024

<b>“Act”</b>	the Financial Services and Markets Act 2000, and all instruments, rules, regulations and guidance made thereunder, as such may be amended or re-enacted from time to time
<b>“COLL”</b>	the Collective Investment Schemes Sourcebook which forms part of the FCA Handbook of Rules and Guidance (as amended)
<b>“Effective Date”</b>	14 June 2024
<b>“Investor”</b>	each person who holds Shares in the Merging Fund (as at 17 May 2024) and who, for the purposes of the Merger Terms only, remains a shareholder until the Effective Date
<b>“Information Pack”</b>	this document (the merger proposal information pack)
<b>“Investor Meeting”</b>	the extraordinary general meeting of Investors described in the Meeting Notice
<b>“Meeting Notice”</b>	the meeting notice labelled “Attachment 1” calling attention to the extraordinary general meeting of Investors on 11 June 2024
<b>“Merger”</b>	the scheme of arrangement under which property of the Merging Fund is transferred to the Receiving Fund in exchange for an issue of New Shares in the Receiving Fund <i>we also refer to ‘Merged’ which has a corresponding meaning</i>
<b>“Merger Terms”</b>	the technical and legal terms governing the Merger set out in Part D
<b>“Merging Fund”</b>	7IM AAP Income Fund, which is a sub-fund of 7IM Investment Funds
<b>“Merging Fund Value”</b>	the value of the property of the Merging Fund calculated in accordance with its Instrument of Incorporation as at 12:01 p.m. on the Effective Date
<b>“New Shares”</b>	shares in the Receiving Fund issued under the Merger
<b>“Northern Trust”</b>	Northern Trust Investor Services Limited: (a) as depositary of the Merging Fund; or (b) as depositary of the Receiving Fund.
<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 (as amended)
<b>“Qualification Date”</b>	17 May 2024. The date at which a person must hold shares in order to be eligible to vote
<b>“Receiving Fund”</b>	7IM AAP Moderately Cautious Fund, which is a sub-fund of 7IM Investment Funds
<b>“Receiving Fund Value”</b>	the value of the property of the Receiving Fund calculated in accordance with its Instrument of Incorporation as at 12:01 p.m. on the Effective Date

<b>“the Regulations”</b>	the Act, the OEIC Regulations and COLL
<b>“Shares”</b>	shares in the Merging Fund
<b>UK UCITS</b>	An undertaking for collective investment in transferable securities under the Regulations
<b>“Voting Form”</b>	the voting form included as Attachment 2

# Attachment 1:

## Notice of the Investor Meeting

**In this section capitalised terms have the meanings set out in the Glossary**

### **Notice of an extraordinary general meeting of shareholders in the 7IM AAP Income Fund**

This document notifies you that Seven Investment Management LLP will hold an extraordinary general meeting of the shareholders of the 7IM AAP Income Fund, a sub-fund of 7IM Investment Funds, at 1 Angel Court, London EC3R 7HJ on 11 June 2024 at 10:30am (UK time). The purpose of the meeting is to consider the extraordinary resolution below and, if shareholders agree, to pass it.

#### **Extraordinary resolution:**

THAT, the scheme of arrangement (the 'Merger') between the 7IM AAP Income Fund and 7IM AAP Moderately Cautious Fund, both sub-funds of 7IM Investment Funds, the terms of which are set out in the 'Information Pack' dated 20 May 2024, is hereby approved and that Seven Investment Management LLP (as authorised corporate director of 7IM AAP Income Fund) is instructed, and Northern Trust (as depositary of 7IM AAP Income Fund ) is authorised, to implement the Merger in accordance with its terms.



#### **Seven Investment Management LLP**

As authorised corporate director of 7IM AAP Income Fund, a sub-fund of 7IM Investment Funds

Issued on 20 May 2024

**PLEASE NOTE: shareholders may appoint the chairperson of the Investor Meeting as a proxy or may attend the Investor Meeting in person should they wish to do so.**

## Notes:

1. A shareholder who is entitled to attend and vote at the extraordinary general meeting can appoint someone to attend the meeting as their representative and vote instead of them (a proxy). The proxy does not need to be shareholder.

**PLEASE NOTE: shareholders may appoint the chairperson of the Investor Meeting as a proxy or may attend the Investor Meeting in person should they wish to do so.**

2. A form of proxy (labelled '**Voting Form**') is attached and shareholders are requested to complete and return it in the reply paid envelope so that it arrives via email to [fundscompliance@7im.co.uk](mailto:fundscompliance@7im.co.uk) or by post to Seven Investment Management LLP, Angel Court, London EC2R 7HJ not less than 48 hours before the time appointed for the holding of the meeting. Forms of proxy will only be valid if properly and fully completed in accordance with the instructions on the form and accompanying notes.
3. In the case of joint shareholders, the vote of a senior shareholder who tenders a vote (whether at the meeting or by proxy) will be accepted to the exclusion of the votes of the other joint shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of shareholders.
4. The minimum number of participants (quorum) for a meeting of shareholders is any two shareholders attending the meeting, or represented by proxy. If no quorum is present, the meeting will be adjourned to a date and time at least 7 days later. The quorum at an adjourned meeting is one Shareholder present in person or by proxy.
5. Northern Trust has appointed Liz Paradine, or, if unavailable, a duly authorised representative of Seven Investment Management LLP, as authorised corporate director of 7IM AAP Income Fund, to be chairperson for the Investor Meeting. In the event of (i) a tied vote at the Investor Meeting; or (ii) the Investor Meeting being duly convened with a quorum present but at which no investors vote, the chairperson will be entitled to a casting vote. It is expected that any such casting vote would be exercised in favour of the resolution.
6. A shareholder entitled to more than one vote does not have to use any or all of their votes or cast all of their votes in the same way.
7. The majority required for the passing of the extraordinary resolution is 75 percent or more (weighted by investment value) of the total of votes cast (whether for or against the resolution).
8. At the meeting, the vote will be taken by poll. On a poll, each share's voting rights is determined by that share's price in relation to the total price of all shares.
9. If a shareholder wishes to propose a motion to adjourn during the course of the Meeting, this should be brought to our attention when returning the Form of Proxy.
10. The ACD may, if necessary, postpone or cancel the extraordinary general meeting. If this becomes necessary, the ACD will take steps to inform shareholders as relevant.
11. The quorum at any adjourned meeting is one or more Shareholders present in person or by proxy, whatever their number and the number and the value of Shares held by them. Any Forms of Proxy returned as required for the Investor Meeting will remain valid, unless otherwise instructed, for any adjourned meeting.

## Attachment 2: Voting form

**Please read the notes on the following page.**

This voting form (or form of proxy) is for use at the meeting of shareholders of the 7IM AAP Income Fund, a sub-fund of 7IM Investment Funds, to be held at 1 Angel Court, London EC2R 7HJ on 11 June 2024 at 10:30 am (UK time).

Before filling in this form read the 'Information Pack' dated 20 May 2024 and the notes on the next page.

**Name and Address(s)** (See Note 6)

**Your proxy**

Tick the appropriate box to indicate how your representative (proxy) should vote in respect of the resolution.

In respect of the resolution set out in the Meeting Notice, I direct my representative (proxy) to vote as follows (see Notes 2 and 3).

**For the resolution**

**Account Number**

**Against the resolution**

Please complete and return this voting form to us by 10:30 am (UK time) on 10 June 2024 via email to [fundscompliance@7im.co.uk](mailto:fundscompliance@7im.co.uk) or by post to Seven Investment Management LLP, 1 Angel Court, London EC2R 7HJ.

**Your proxy**

Tick the appropriate box to choose your representative (proxy) for the meeting and at any adjournments of it (see Note 1):

**Signature(s)** (see Notes 4, 5 and 6)

**The meeting Chairperson (default)**

**The person named below**

**Representative's name and address**

**Date**



## Notes:

To participate in the Merger, this Voting Form must be properly completed and received no later than 10:30am (UK time) on 10 June 2024. If you do not return this form (or do not complete it properly), your representative (proxy) will not be able to vote on your behalf, and your vote may not count.

Please return the form via email to [fundscompliance@7im.co.uk](mailto:fundscompliance@7im.co.uk) or by post to Seven Investment Management LLP, 1 Angel Court, London EC2R 7HJ.

1. Please indicate whether you wish to appoint the meeting chairperson or another person as your representative (proxy) for the Investor Meeting. The person you choose does not need to be a shareholder but must attend the Investor Meeting to represent you. If you do not make a selection, by default the chairperson will be appointed as your proxy.

**PLEASE NOTE: shareholders may appoint the chairperson of the Investor Meeting as a proxy or may attend the Investor Meeting in person should they wish to do so.**

2. Please indicate how you wish to vote in relation to the resolution. If this form is signed and returned without instructions for voting, the representative (proxy) is able to vote or abstain from voting as they see fit. The chairperson may also exercise discretion in the event that an additional motion is proposed during the course of the Meeting/a motion to adjourn the Meeting is received.
3. Voting on the resolution will be by a 'poll' and your rights to vote relate to the value your shares bear in proportion to all of the shares in issue. You do not have to use all of your voting right or vote them all in the same way. Please contact the ACD (using the contact details provided in the Information Pack sent to you) if you want to split your votes.
4. If this Voting Form is signed under an authority, we can only validate it if you provide the authority (or a notarially certified copy of it) by post to Seven Investment Management LLP, 1 Angel Court, London EC2R 7HJ.
5. A body corporate (such as a company) must execute this Voting Form under seal or have it signed by an officer (who is authorised in writing to sign it).
6. In the case of joint shareholders, please ensure that all signatures and all names and addresses are included in the Voting Form.
7. Use of this Voting Form does not prevent a shareholder from attending the Investor Meeting and voting. However, in all other cases, a Voting Form may be revoked only with the consent of the ACD.

