

CF 7IM AAP Balanced Fund

Investment objective

This Fund aims to provide a balance of income and capital appreciation. There may be some risk to capital. The benchmark by which the performance of the CF 7IM AAP Balanced Fund is to be measured is a composite of 50% of the FTSE Actuaries UK Gilts All Stocks Index and 50% of the FTSE All Share Index.

Process

We try to maximise the potential investment returns for a portfolio that is compatible with the level of risk the investor is comfortable with. We do this in two ways:

- **Robust strategic asset allocation.** We create efficient portfolios that combine different investment types with varying risk/return properties.
- **Sensible tactical asset allocation.** Short term changes to reflect our current view of the markets and economic outlook.

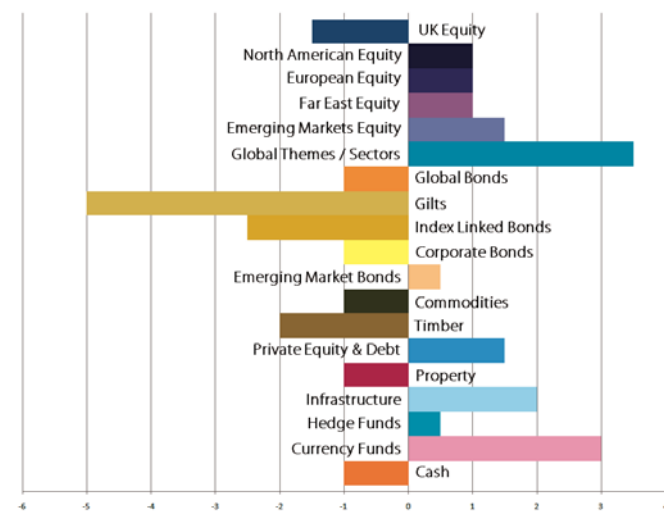
The Fund is made up of three portfolios: a core international bond and equity portfolio, a core portfolio of alternative investments and a tactical overlay that may be made up of any asset class.

The core portfolios have been defined by the investment manager as the optimum combination of investments likely to maximise long term returns for a given level of risk consistent with a balanced investor. The tactical overlay is made up of a series of investments the portfolio manager takes, designed to take advantage of near term market conditions and trends.

The positioning of the core portfolio is reviewed annually by the investment manager to ensure its validity. The positioning of the tactical overlay is reviewed quarterly by the investment manager's Asset Allocation Committee and is subject to continual review against the latest market information.

Tactical Asset Allocation

The Fund's (under)/over-weights against the portfolio manager's long term strategy neutral for a given level risk is shown below. The strategy neutral is the portfolio manager's assessment of the portfolio that will give a balanced investor the optimal balance of risk and return based upon long term returns data.



Source: 7IM - N.B. The strategic neutral position is not displayed as it remains the intellectual property of Ibbotson Associates, Inc.

Fund summary

Fund Managers	7IM - Asset Allocation
Launch Date	28 March 2008
Fund Size	£230.1m
IMA Sector	Cautious Managed
Initial Charge	0-4%
Yield	1.35%
XD Dates	31 May, 30 November
Distribution Dates	31 July, 31 January†
Authorised Corporate Director	Capita Financial Managers

Share Classes	SEDOL	AMC	Latest TERT	Lump Sum
A Accumulation	B2PB2R2	1.0%	1.15%	from £500,000
A Income	B2PB2N8	1.0%	1.15%	from £500,000
C Accumulation	B2PB379	0.5%	0.65%	from £500,000
C Income	B2PB2V6	0.5%	0.65%	from £500,000
D Accumulation	B39L9C9	1.4%	1.55%	from £1,000
D Income	B39L9J6	1.4%	1.55%	from £1,000

A class: Institutional/Discretionary - 0.5% trail

C class: Institutional/Discretionary - no trail

D class: Retail/ via Platforms - 0.5% trail

‡ Please allow up to 10 days after the Distribution Date for dividends to be processed and applied to individual client accounts

† Source: Capita Financial Group - Simplified Prospectus April 2010

For further details on 7IM and our funds, please call 020 7760 8777.

Portfolio Top Ten Holdings as at 31 May 2010

iShares iBoxx Sterling Liquid Corporate Bond	9.3%
DB X-Trackers DJ Euro Stoxx 50	4.3%
iShares Citi Global Government Bond Index	4.0%
Legal & General All Stocks Gilt	3.7%
Goldman Sachs Sterling Liquid Reserve	3.7%
Legal & General All Stocks Index linked Gilts	3.4%
iShares JP Morgan Emerging Market Bond	3.3%
iShares DJ Eurostoxx 50	2.3%
db x-trackers DJ EuroStoxx 50	2.1%
db x-trackers FTSE 100	2.1%
TOTAL:	38.2%

Source: 7IM

Fund Performance as at 31 May 2010

	Last 6 months	Last 12 months	Since launch on 28/3/2008
CF 7IM AAP Balanced C Acc	3.35%	16.70%	4.63%
Fund Benchmark	2.20%	14.69%	8.23%
IMA Cautious Managed*	2.68%	15.67%	4.98%

Fund Benchmark: 50% FTSE All Gilts (Total Return), 50% FTSE All Share (Total Return)

*7IM Funds are Multi Asset and therefore the comparison with the IMA Sector is offered as a guide only.

Source: Bloomberg, Lipper and Reuters

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