

# Balanced Income HL PORTFOLIO +

October 2021

**HARGREAVES  
LANSDOWN**

## PORTFOLIO OBJECTIVE

Holds a broad spread of investments, aiming for income and capital growth.

A multi-asset portfolio holding a mixture of shares and bonds. It should be less volatile than more adventurous options.

Gross yield, variable, and not a reliable indicator of future performance % investors could be subject to tax on their distributions **2.91**

### Portfolio holdings (target %)

HL Multi-Manager Income & Growth	55
HL Multi-Manager Equity & Bond	27.5
HL Multi-Manager Strategic Bond	17.5

### Portfolio's top ten underlying holdings (%)

Artemis UK Equity Income Mandate (HL IG)	9.1
JOHCM UK Equity Income Mandate (HL IG)	8.0
Jupiter UK Equity Income Mandate (HL IG)	8.0
Troy UK Equity Income Mandate (HL IG)	7.2
Columbia Threadneedle UK Equity Income Mandate (HL IG)	7.1
Aviva UK Equity Income Mandate (HL IG)	6.7
Marlborough Multi-Cap Income	6.3
Jupiter Asian Income	4.7
Invesco Tactical Bond	4.0
Jupiter Strategic Bond	3.7

## THE INVESTMENT MANAGERS



**LEE GARDHOUSE**  
Chief Investment Officer



**RICHARD TROUE**  
Fund Manager

Investment research is a core part of our business. We believe exceptional fund managers are few and far between, but can be identified using a combination of rigorous statistical analysis and face-to-face meetings.

### HOW DO WE SELECT INVESTMENTS?

Our proprietary, in-house quantitative model looks at over 2,000 funds and allows us to see more than just past performance. It enables us to drill down and decipher why a fund is at the top (or bottom) of performance tables. A key way to judge a manager is to find out if they consistently add value with their stock selection. In other words, do they do better than we would expect when considering their investment



**DAVID SMITH**  
Fund Manager



**ELLEN POWLEY**  
Fund Manager

style? That is one of the key things we look for when we evaluate managers.

### MORE THAN JUST NUMERICAL ANALYSIS

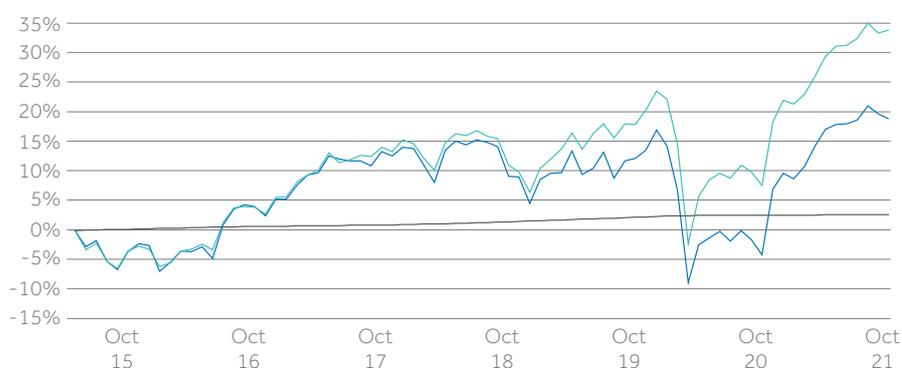
In addition to number crunching, we have unrivalled access to fund managers and conduct hundreds of face-to-face meetings each year. These meetings explore the manager's philosophy, process, team and incentivisation, among other things. We do all this because we want our clients to have exposure only to the limited pool of exceptional talent available. Each fund goes through a rigorous selection process. We constantly monitor funds and regularly review sectors to ensure you're invested only in what we believe are the very best funds.

### PORTFOLIO UPDATE

This portfolio has a holding in LF Equity Income (formerly the LF Woodford Equity Income Fund), in which dealing is currently suspended. This portfolio continues to trade as normal.

### Performance since launch

● Portfolio **+18.7%** ● Benchmark **+33.6%** ● Cash\* **+2.6%**



\* Bank of England base rate net of basic rate tax until 5th April 2016, gross thereafter.

### ABOUT THE BENCHMARK

The Investment Association (IA) is the UK fund industry's body. This portfolio uses a benchmark made up of three IA sectors to reflect the benchmark of the underlying Multi-Manager funds. The benchmark comprises 55% IA UK Equity Income sector, 27.5% IA Mixed Investment 20-60% Shares and 17.5% IA GBP Strategic Bond.

The portfolios have been available since 03 June 2015.

**Past performance is not an indication of future returns.**

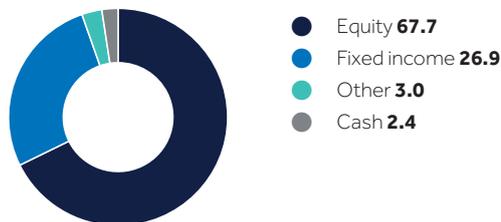
### Year on year performance (%)

	Oct 16 – Oct 17	Oct 17 – Oct 18	Oct 18 – Oct 19	Oct 19 – Oct 20	Oct 20 – Oct 21	Since launch 03/06/2015
Portfolio for Balanced Income	8.9	-3.7	2.8	-14.5	23.8	18.7
Benchmark	9.6	-2.6	6.2	-8.7	24.3	33.6

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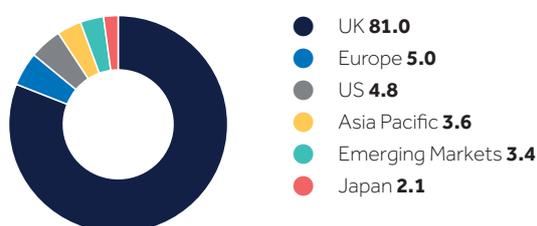
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Asset Allocation (%)



Please note figures may not add up to 100% due to rounding.

Geographical equity allocation (%)



MARKET REVIEW AND OUTLOOK

Global stock markets saw mostly positive gains in the three months to the end of October 2021. The US technology sector again outperforming, with Microsoft retaking the crown of world's largest company by market capitalisation. UK companies rose 2.75%, with larger companies outperforming their smaller and medium size peers. After previous sharp falls, China recovered lost ground, but Hong Kong markets suffered further losses.

It was a weak 3 months for bond markets, with even high yield corporate bond struggling to stay in positive territory. Index linked gilts had fallen sharply in late September and early October, before strong gains in late October left them close to the level at which they had started the quarter.

Activity wise, in early October we reduced our investment in Artemis Strategic Bond following a manager change. Juan Valenzuela and Stephen Snowden have taken over from James Foster and Alex Ralph. We have high conviction in Snowden and currently have exposure to him via Artemis Corporate Bond. The lower weight reflects an exposure to the team that we're more comfortable with as well as the fact we know Valenzuela less well.

INCOME UPDATE

As the ability of companies globally to pay dividends continues to improve, we have been able to increase the monthly scheduled payments from two funds held within the portfolio, the HL Multi-Manager Equity & Bond Trust and the HL Multi-Manager Income & Growth Trust. Income from the funds may be variable and is not guaranteed.

Underlying holdings in focus



ARTEMIS UK EQUITY INCOME MANDATE

Adrian Frost, Nick Shenton and Andy Marsh look for companies with healthy cash flows and dividends, whose shares they believe are good value. They like businesses that keep incrementally improving, which could ultimately help their share prices rise. Adrian Frost is one of the UK's longest-serving UK equity income fund managers and we think this experience, combined with a process that's been honed over many years, could see this part of the portfolio in good stead.



BNY MELLON REAL RETURN

We like the flexibility this fund offers. Its managers can invest in a range of assets from across the globe – from shares to bonds and commodities to cash. The team aims to grow investors' money over the long term, but provide some shelter when markets hit stormy waters. This means the fund could produce relatively stable returns, although it won't keep pace when markets are rising quickly. We think this fund brings some stability to the wider portfolio.



JUPITER STRATEGIC BOND

Ariel Bezalel is willing to use the full flexibility he has in running a Strategic Bond fund. He can invest in all areas of the bond markets and increase and reduce risk when he feels the time is right. The manager tends to take more risks when he's positive in his outlook for the markets. But, when the outlook is uncertain, he adopts a more defensive approach and might invest in a way that could offer the fund an element of shelter.

IMPORTANT INFORMATION

Factsheet correct as at 31/10/2021. All investments and any income from them can fall and rise in value so you may get back less than you invest. Neither income nor capital are guaranteed, unlike a bank or building society account. Investing is not recommended for less than 5 years. This portfolio may invest in funds with exposure to overseas markets, including emerging

markets, smaller companies and high yield bonds. The funds may also be able to use derivatives and invest in a concentrated number of investments. Each of these factors adds risk. For more details please see the key investor information of the HL Multi-Manager Equity & Bond, Strategic Bond and Income & Growth funds. This portfolio has an ongoing charge of 1.27% plus our platform charge of up to 0.45% per

annum. Source for all figures: Lipper IM/ Hargreaves Lansdown, NAV-to-NAV pricing, net income reinvested. This factsheet is not a promotion of any funds profiled nor is it personal advice. For more information on these funds please see their key investor information on our website. The HL Multi-Manager funds are managed by our sister company Hargreaves Lansdown Fund Managers. BI 10.21