

Balanced Income HL PORTFOLIO +

August 2020

**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 4.65

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 – Adrian Frost	11.3
Jupiter – Ben Whitmore	9.4
JOHCM – Clive Beagles	8.0
Troy – Francis Brooke	7.2
Marlborough Multi Cap Income	7.0
Columbia Threadneedle – Richard Colwell	6.1
Jupiter Asian Income	5.1
Aviva – Chris Murphy	4.5
Invesco Tactical Bond	4.3
Jupiter Strategic Bond	4.2

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 style? That



DAVID SMITH
Fund Manager



ELLEN POWLEY
Fund Manager

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 – The coronavirus pandemic has affected many companies' ability to pay dividends. The Multi-Manager team has spoken to the managers of the funds they invest in about expectations for income for the rest of the year. As a result, they previously reported the decision to reduce the dividends paid from a number of the Multi-Manager funds, and this reduced the level of income from this portfolio. There has since been no significant change to the income.

Performance since launch

● Portfolio **-1.8%** ● Benchmark **+7.4%** ● Cash* **+2.4%**



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

Year on year performance (%)

	Jul 15 – Jul 16	Jul 16 – Jul 17	Jul 17 – Jul 18	Jul 18 – Jul 19	Jul 19 – Jul 20	Since inception (03/06/15)
Portfolio for Balanced Income	2.7	10.7	3.2	-1.8	-13.2	-1.8
Benchmark	3.5	10.7	4.8	1.0	-9.5	7.4

Past performance is not an indication of future returns.

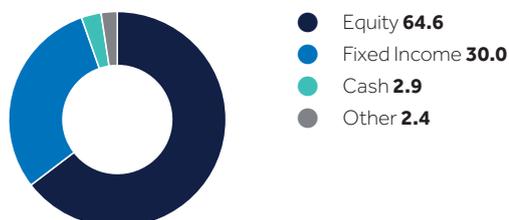
ABOUT THE BENCHMARK

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.

Past performance is not a guide to future returns.

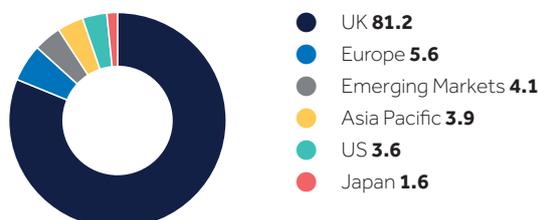
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Asset Allocation (%)



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

Geographical equity allocation (%)



MARKET REVIEW AND OUTLOOK

Some of the world's major stock markets have made a recovery since the coronavirus took hold earlier this year. Global governments and central banks have stepped in with extensive fiscal packages to support domestic demand and economic activity, which improved investor confidence.

Europe was one of the strongest-performing markets over the three months to 31 July 2020, boosted by the strength of the euro against sterling. The UK didn't fare quite so well, as investors remain wary of the number of coronavirus cases, while it also has a bias towards weaker sectors such as financials and oil and gas. That said, the FTSE All Share still delivered a respectable return of 1.3%.

Global bond markets generally performed well. Higher-risk areas, such as emerging markets and high-yield bonds, delivered some of the best returns. UK corporate and index-linked government bonds also made money, although conventional government bonds were pretty much flat.

We increased exposure to managers that typically take a more conservative investment approach, including Chris Murphy at Aviva and Francis Brooke at Troy. Investments with managers that use a slightly more adventurous approach, including Clive Beagles and James Lowen at JOHCM and Ben Whitmore at Jupiter, were reduced.

The portfolio has a 1.5% holding in LF Equity Income, which remains suspended and is in the process of being wound up. Its investments are being sold and cash is being returned to investors in a series of payments. We have so far received two payments, which have been reinvested in the portfolio.

Underlying holdings in focus



TROY – FRANCIS BROOKE

Francis Brooke invests with a more conservative mind-set than many of his peers that run UK equity income portfolios. He targets stable and more established businesses that may pay more reliable dividends. Capital preservation is key to his process, and the manager aims to limit volatility and losses in a falling market, though this means there could be less growth in a stock market rally. Brooke is a part-owner of the Troy business, and we think this shows he is aligned with investors' interests.



M&G GLOBAL MACRO BOND

This fund is run by an experienced manager with great flexibility to invest across global bond markets. A significant proportion of the fund can be invested overseas and it can be heavily exposed to foreign currencies, particularly the US dollar. Jim Leaviss invests with conviction, and proactively adjusts the portfolio in response to changing economic conditions. We think the fund provides important diversification to the UK-focused part of a bond portfolio and offers exposure to currencies other than sterling.



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 31/07/20. 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 cash savings 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 1.28% 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 08.20