

HARGREAVES
LANSDOWN

HL FUND MANAGERS ASSESSMENT OF VALUE

HL Multi-Manager Asia & Emerging Markets
HL Multi-Manager Balanced Managed Trust
HL Multi-Manager Equity & Bond Trust
HL Multi-Manager European
HL Multi-Manager High Income
HL Multi-Manager Income & Growth Trust
HL Multi-Manager Special Situations Trust
HL Multi-Manager Strategic Assets
HL Multi-Manager Strategic Bond Trust
HL Multi-Manager UK Growth
HL Select Global Growth Shares
HL Select UK Growth Shares
HL Select UK Income Shares

September 2019 to September 2020

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IMPORTANT INFORMATION

This document is not personal advice or a recommendation to buy, sell, or hold any of the investments mentioned. Past performance is not a guide to the future. All investments can fall as well as rise in value so you could get back less than you put in. The HL Multi-Manager and Select funds are for investors who prefer to make their own investment decisions, without personal advice. The choice of underlying investments within the funds does not take your personal circumstances into consideration. The HL Multi-Manager funds and HL Select funds are managed by Hargreaves Lansdown Fund Managers.

Tax rules can change, and any benefits depend on individual circumstances. Past performance is not a guide to future returns.

Source for performance and charges data is Lipper IM. Performance data has been calculated on a bid-to-bid basis with any income reinvested. All data is correct as at the 30 September 2020 unless otherwise stated.

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INTRODUCTION FROM OUR CHAIRMAN



JOHN MISSELBROOK
Chairman

Welcome to this, the second year we have provided an assessment of value for the funds managed by Hargreaves Lansdown Fund Managers Limited (HLFM).

By any standards this has been an extraordinary year for investment managers, for the funds they manage and ultimately, and most importantly, for the investment outcomes delivered to our clients. At HLFM our performance and the assessment of value we provide to our clients is measured against the Investment Proposition of the Hargreaves Lansdown Group, that we put our clients first and at the heart of everything we do, helping them to create better financial futures for themselves and their families. It is through this lens that we assess the value we provide in the HL Multi-Manager and HL Select Funds.



We put our clients first and at the heart of everything we do, helping them to create better financial futures for themselves and their families.

We have again followed the criteria set out by our regulator, Financial Conduct Authority, which we believe provides a robust and broad framework through which to arrive at an assessment of value.

During the year we have made a number of changes to the governance of the business. Firstly, I joined the Board as an independent non-executive director and Chairman in July 2020 and now 40% of the Board are independent. We restructured our prior investment committee oversight arrangement to establish an Executive Investment Committee to oversee our investment process, capabilities, capacity and performance, and appointed an experienced independent investment manager to the committee. And we have further strengthened the investment risk function with an experienced Head of Investment Risk. All of these changes are part of a broader initiative to review and develop further our investment process and governance framework.

The report includes sections which describe the investment process that supports the HL Multi-Manager and HL Select Fund ranges and how they seek to deliver investment performance. Our focus is on five-year performance to the end of September or since the fund's inception if that is less, and we also take note of the rolling five-year performance since inception.

While our HL Multi-Manager funds have mainly delivered against their investment objectives over the long term, they have delivered mixed performance against their investment objectives and their peer group benchmark over the last five years. The governance changes noted above, the additions to our investment team, the greater use of segregated mandates and specific changes to the portfolio construction of individual funds are all intended to help support improved fund performance. Overall, we believe the funds continue to provide investors with value.

Our HL Select group of funds have all been in existence for less than five years but have outperformed their peers since inception. The funds in this competitively priced range provide investors with concentrated equity exposure for their portfolios.

As we review our assessment of value against all the criteria there are two areas where we are proposing to make changes to improve fund value:

1. For the HL Multi-Manager funds that are invested in fixed interest securities we are reducing our fee from 0.75% to 0.60%, on a sliding scale based upon the amount of fixed interest funds held by the Multi-Manager fund, from Q2 2021;
2. For the HL Multi-Manager funds, we believe the fund structure and investment process do enable us to achieve further economies of scale and we propose to introduce a tiered fee structure to reflect this.

We are conscious this has been a very challenging year for our clients who depend upon us delivering against the investment objectives we have set ourselves. We are never complacent about our responsibilities or the need to continually seek to do better in delivering value to our investors.

EXECUTIVE SUMMARY

We have assessed each fund manufactured and managed by HLFM against the following criteria:

1. Quality of Service – Our review found that each of our funds delivered a quality service. Investors in the HL Select Fund range appreciate the transparent, clear and frequent communication they receive. As a result, we will improve the communication around our HL Multi-Manager funds to be more aligned to that of the HL Select range.

2. Performance – We concluded that seven funds have delivered in accordance with their performance goals. The HL Select range has been particularly strong in this area. Six funds, while mainly delivering against their investment objectives over the long term, have underperformed over five years. Actions are being taken to improve performance of these funds.

3. Cost of the Funds – We have concluded that fund costs across our range are satisfactory. Nevertheless, we will reduce the Annual Management Charge (AMC) for HL Multi-Manager funds that invest into fixed interest securities in recognition of a continuing low yield fixed interest environment. Five funds will benefit from this change, with the AMC falling as low as 0.60% from 0.75%, on a sliding scale based upon the proportion of fixed interest funds held within each Multi-Manager fund. This change will take place from Q2 2021.

4. Comparable Market Rates – Our review concluded that eleven of the thirteen funds had lower charges than, or were in line with, their constructed peer group median. Two HL Multi-Manager funds have marginally higher Ongoing Charges Figures (OCF) than their constructed peer group median. However, the OCF for each fund will be reduced in line with changes to the AMC (based on fixed interest allocation or economies of scale) from Q2 2021.

5. Comparable Services – Each of our thirteen funds are distinctly different to each other and we do not offer similar funds or mandates to other groups of clients.

6. Economies of Scale – We have successfully realised and passed on economies of scale within our Multi-Manager range to investors, primarily by negotiating lower fees with fund managers and introducing segregated mandates. As a continuation of our efforts to reduce fees we will introduce a tiered charging structure that reduces the AMC as the size of each fund increases. Our three largest funds will benefit from this change from Q2 2021. The HL Select funds were launched with a charge that assumed they had already achieved scale.

7. Classes of Units – Where our Multi-Manager funds have a secondary unit class there is no difference in charge compared to our standard units.

THE OUTCOME OF OUR REVIEW	QUALITY OF SERVICE	PERFORMANCE	COST OF THE FUNDS	COMPARABLE MARKET RATES	COMPARABLE SERVICES	ECONOMY OF SCALE	CLASSES OF UNITS	OVERALL
HL Multi-Manager Asia & Emerging Markets	●	●	●	●	●	●	●	●
HL Multi-Manager Balanced Managed Trust	●	●	●	●	●	●	●	●
HL Multi-Manager Equity & Bond Trust	●	●	●	●	●	●	●	●
HL Multi-Manager European	●	●	●	●	●	●	●	●
HL Multi-Manager High Income	●	●	●	●	●	●	●	●
HL Multi-Manager Income & Growth Trust	●	●	●	●	●	●	●	●
HL Multi-Manager Special Situations Trust	●	●	●	●	●	●	●	●
HL Multi-Manager Strategic Assets	●	●	●	●	●	●	●	●
HL Multi-Manager Strategic Bond Trust	●	●	●	●	●	●	●	●
HL Multi-Manager UK Growth	●	●	●	●	●	●	●	●
HL Select Global Growth	●	●	●	●	●	●	●	●
HL Select UK Growth Shares	●	●	●	●	●	●	●	●
HL Select UK Income Shares	●	●	●	●	●	●	●	●
Overall Criteria	●	●	●	●	●	●	●	

- Represents value – we are satisfied that value is delivered to our clients.
- Improvement needed – some areas need additional focus to improve the delivery of value in the future.
- Does not represent value – action is required in order to deliver value for money in the future

OUR INVESTMENT PHILOSOPHY



LEE GARDHOUSE
Chief Investment Officer

As CIO of HLFM, I lead the team responsible for the investment management of the funds included in this report. I thought it would be valuable to share with you my vision, how I think about value and what steps we are taking to ensure we deliver on performance.

Hargreaves Lansdown's purpose is to empower people to save and invest with confidence. We strive to achieve this in many ways, and one is to offer funds that meet the investment needs of our clients.

We know that many clients don't have the necessary time or skill to carry out investment selection and portfolio construction. Our range of funds offers an alternative way for clients to achieve this; stock selection and portfolio construction in the case of the HL Select fund range, and manager selection and portfolio construction in the case of the Multi-Manager fund range.

HL SELECT

In our HL Select fund range, we take a long-term view, focusing on companies which we believe are both financially strong and able to deliver exceptional products and services. We hold a focussed number of stocks so that each one can make a real difference to returns. Because of the focused nature of the funds we share information with clients on every significant holding, explaining why we have invested and providing regular updates on what's happening in the portfolios.

We are very clear that the investment style of these funds is growth orientated. This has been beneficial to performance in recent years. We realise that this style will have times when it is out of favour in the future, but we aim to continue to deliver long term outperformance of our benchmark and peers over a market cycle.

HL MULTI-MANAGER

We do not believe that any one fund management group has a monopoly on talent across markets and asset types. Therefore, the HL Multi-Manager range seeks to build diversified portfolios accessing best of breed fund managers, with proven expertise in their area of specialisation, from across the industry. Markets are cyclical in nature and investment styles come in and out of favour. Given our belief that no one style of investing is better than others (e.g. value versus growth) we feel a diversified approach is preferable. Each of the HL Multi-Manager funds we manage offers clients access to a wide range of underlying managers and investment styles.

We have a team of five fund managers who work closely with our wider research team of seven fund analysts and three quantitative analysts.

We are proud of the longer-term performance of our Multi-Manager funds, some of which we have been successfully managing for almost 20 years. However, it is right to point out that a number of factors have negatively impacted our relative and absolute shorter-term performance. Our focus on identifying managers with proven stock selection skill has led us to have a long-term bias to the UK market. While this bias has been beneficial at times in the past, the performance of the UK market following the Brexit referendum in 2016 has been weak, and this has held back our performance.

This has been particularly true of our funds which have an income focus; Multi-Manager Equity & Bond, Income & Growth, and High Income. These funds have a bias to the UK, which has a history of paying out a higher proportion of profits in the form of dividends. However, this allocation has held back performance as the high-income style and the UK market have underperformed.

We have continued to evaluate these positions. Our analysis shows that over the longer term we have achieved excellent performance from UK funds, and we believe the managers we invest with will see their fortunes reverse. We have however intensified our focus on overseas markets to identify both income and growth opportunities which we hope will deliver greater consistency of performance in the future.

DEVELOPMENTS IN THE HLFM BUSINESS

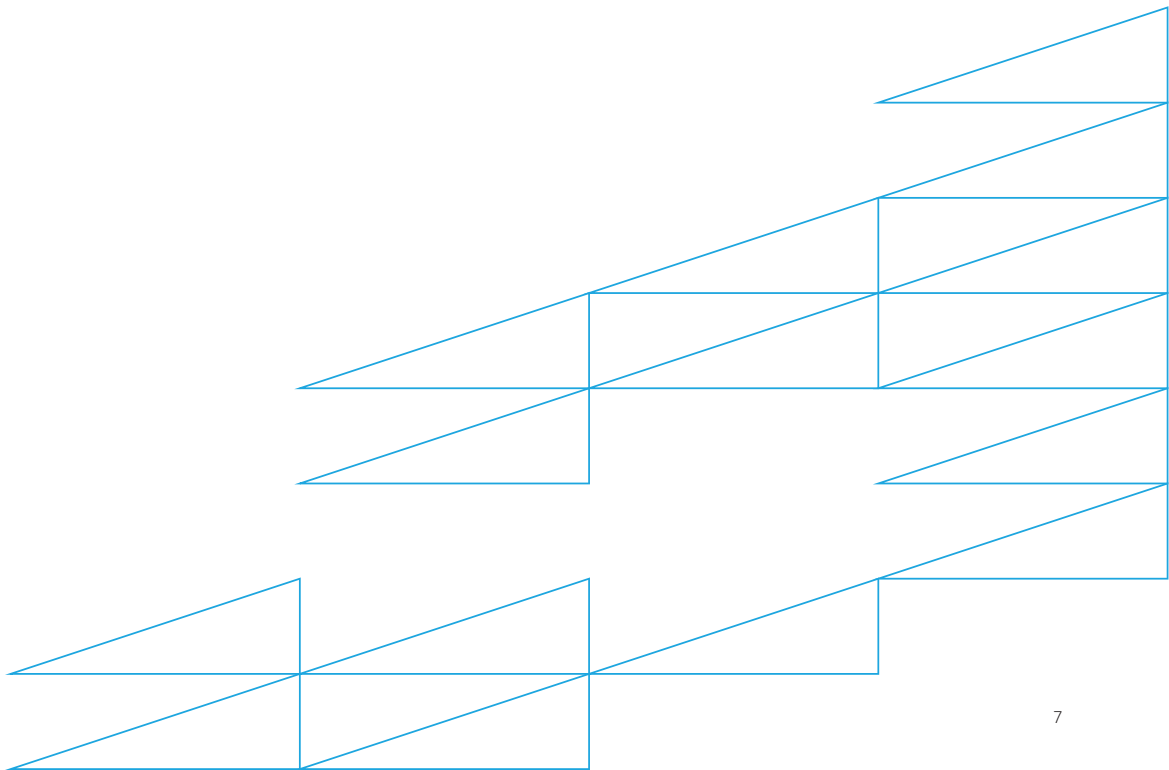
During the past year we have continued to enhance the HLFM business including the oversight and challenge provided through our governance structures.

The Multi-Manager team have continued to establish segregated accounts for our Multi-Manager range, giving us greater visibility and oversight of the underlying fund managers. Consistent with the industry, we have also continued to develop our oversight of the liquidity risks faced by the funds in which we invest.

We continue to assess what scope there is for further enhancements to our systems and processes including risk and analysis tools. We believe that the investments already made in this area, coupled with further work that is ongoing will help us to deliver better outcomes and stronger performance for clients in the future.

We are proud of the longer-term performance of our funds, some of which current team members have been managing for almost

20 YEARS



1. QUALITY OF SERVICE

Can you trust HL and is information about your investment readily available and easy to find?

1.1. HOW WE ASSESSED IT

To assess the quality of our service we took into consideration both aspects clients see, and those they don't.

Visible services include the range of investments on offer, the variety and quality of our fund documentation and how easy it is to read and understand, the experience and strength of the investment teams, transparency of where client money is invested, clients' ability to talk to someone about their investment, and accessibility of the investments.

The important, but behind the scenes, services we assessed include data security, risk management, fund administration, the placing and checking of trades, governance, complaints handling, ESG considerations, and diversity of thought and culture. Trust is also an important factor when it comes our management of client money, and we felt it was important to consider how our clients perceived our brand. We surveyed clients to measure client satisfaction and assessed net promoter scores to give us a rounded view of how our offering is perceived by clients.

1.2. WHAT WE CONCLUDED

Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager and HL Select fund ranges offer a good quality of service.

Our confidence in this conclusion has been bolstered by the positive feedback we have received from clients. 75% of HL Multi-Manager investors, and 86% of HL Select clients feel the service is excellent, very good or good according to our latest (Q2 2020) Annual Client Satisfaction Survey (Q2 2020). This is supported by the latest independent research published in November 2020 by Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Separately, research into consumer perceptions of our wider brand by NMG also found that clients cite professional, reliable and trusted as words they associate with HL.

There are several areas we feel particularly contribute to our funds delivering good quality service.

Team

Clients of HL Multi-Manager funds benefit from our in-depth analysis of underlying manager performance, diversified portfolio construction, ongoing management and rebalancing. We have a team of five dedicated fund managers, with combined investment experience of 93 years, who work closely with our wider research team of seven fund analysts and three quantitative analysts. The supportive and collaborative culture at HL means our talent retention rate is excellent, with fund managers on the HL Multi-Manager team having an average tenure of 14 years at HLFM.

The HL Group's Business Development team also assist in negotiating the cost to the HL Multi-Manager funds of investing.

The HL Select team are committed to finding the best investment opportunities in the market, surfacing these ideas by drilling into numbers and researching hundreds of companies a year. The team's three fund managers, two research analysts and execution specialist are highly qualified with a broad range of experiences, totalling 94 years of investing between them.

Product

Our fund range offers clients the choice of fund-of-funds, or funds of equities. All our funds are available within a range of account types through our investment platform and others, enabling clients to invest in a tax-efficient manner.

The HL Multi-Manager fund range provides access to a diverse range of investment styles and fund managers. There are options across the risk spectrum, asset classes and geographies, with unique combinations of market exposure. We also offer options for differing objectives – income, growth or a combination of the two. The range also enables clients' access to investments otherwise unavailable to retail clients. Each of the funds deliver an institutional level of fund selection, access and pricing.

Meanwhile, our HL Select range offers concentrated exposure to exceptional shares with long term potential, alongside high levels of transparency and insight.

Both fund ranges have very low minimum lump-sum investment requirements of £100, or £25 per month, which makes it easy to access for clients with varying sums to invest.

Communication

Investors in the HL Multi-Manager funds are kept informed with regular updates on how the funds are performing. These updates are delivered quarterly via the fund factsheets, which are easily accessible through the website, or posted to clients on request.

The HL Select funds show a daily breakdown of portfolio holdings. The managers explain why each investment is held and provide clients with regular information on what's happening with their investment. Showing what a fund manager does and how they assess stocks and markets helps to build investor confidence in financial markets. This level of insight and transparency provided via updates and fund blogs is highly valued by clients.

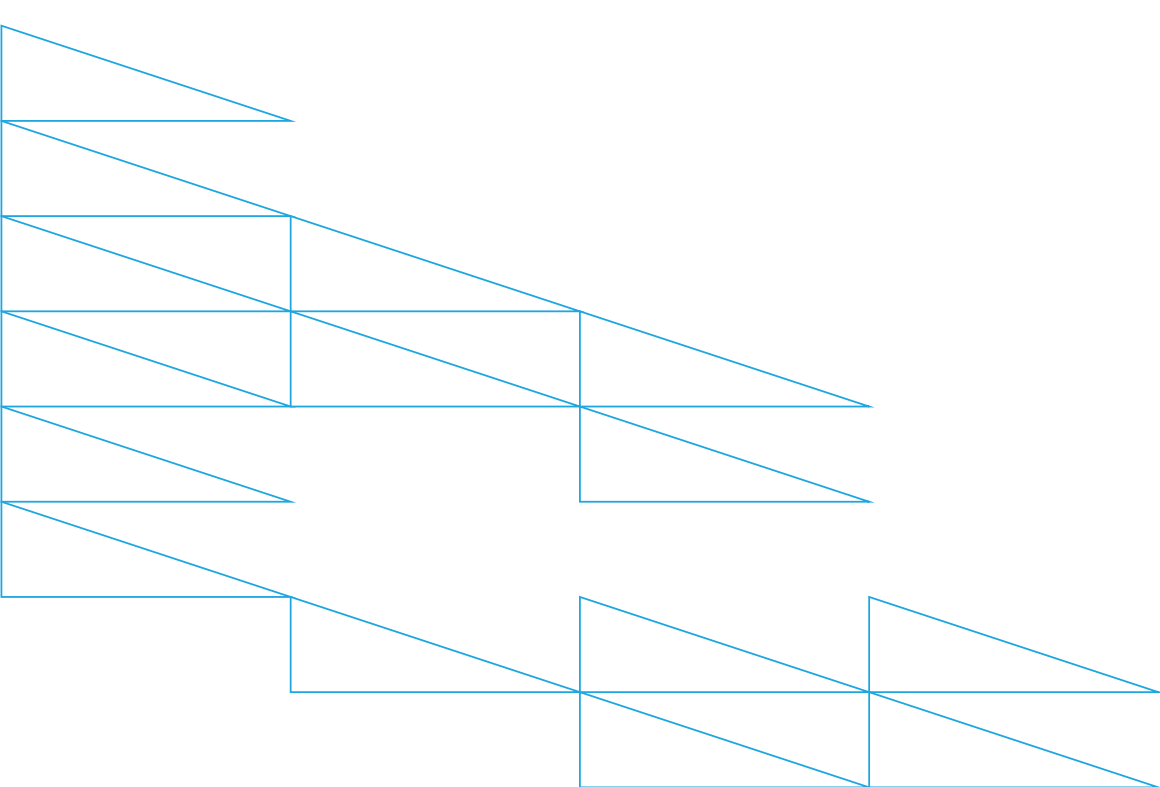
Any investor in the HL Multi-Manager or HL Select funds also have access to the HL Helpdesk. This highly valued service provides clients with the forum to ask questions of their investment managers, or request further information on their investment, and is available over the phone, online and by post.

Oversight and Governance

Investment management throughout HLFM benefits from robust challenge and oversight through the Executive Investment Committee (which provides oversight of investment portfolios, asset allocation and manager performance) and Product Governance Committee (with oversight of client outcomes). The HLFM Board has ultimate responsibility for the governance framework and investment performance. 40% of the HLFM Board is independent, with two non-executive directors.

1.3. WHAT CAN WE DO BETTER?

We continually strive to improve the service we provide to our clients. Our review found that transparent, clear and frequent communication is highly valued by investors in the HL Select Fund range. As a result, we will improve the communication around our HL Multi-Manager funds to be more aligned to that of the HL Select range.



2. PERFORMANCE

Did your fund perform in line with its investment objectives?

2.1. HOW WE ASSESSED IT

We assessed the performance of the funds against the objectives set out in the prospectus and Key Investor Information Documents (KIIDs). For each of the funds we measured performance after all fund management fees and charges (excluding platform fees). We assessed performance in two ways:

- We evaluated whether the fund achieved its absolute objective, for example delivering income and/or capital growth
- We measured whether the fund outperformed its stated benchmark, as defined in the prospectus. The benchmarks are the appropriate Investment Association sector, which provides the average return of a group of funds offered by our competitors who manage investments with similar constraints.

The investment objectives as set in the prospectus of each fund sets out the time period over which the funds' performance is measured, which in all cases is five years. We have therefore assessed the funds' discrete performance over the last five years*. To assess consistency of performance, we also evaluated rolling five year* returns since launch. This illustrates the average return a client would have made if they had invested at any point since the fund's launch and held the investment for five years (which is the five-year minimum recommended holding period). Both discrete and rolling performance is correct to the end of September 2020.

*For funds with a track record of under five years we assessed both discrete and rolling performance over three years to September 2020. For the fund that was launched in May 2019, we assessed performance over one year to September 2020.

Even where it is not a specified objective, we have also shown each fund's capital growth against cash to demonstrate the benefits of investing over holding money in a bank account.

2.2. WHAT WE CONCLUDED

- The product range has delivered on capital growth and income objectives.

When assessing discrete returns, nine of the thirteen funds have delivered positive capital growth. Of the remaining four funds, three have a shorter track record than the recommended holding period of five years, which means there has not yet been adequate time to assess whether the underlying strategies have delivered on their objective.

When assessing rolling returns, twelve of the thirteen have delivered on their performance objectives consistently. The remaining fund has significantly outperformed its peers.

- Over the longer term the product range has performed well against peers, but in some cases has underperformed more recently.

While ten funds of thirteen have generated better or in-line performance compared to their Investment Association sector peers on a rolling basis, only four funds have outperformed on a discrete basis at the end of September 2020. This underperformance was largely due to exposure to UK Equity Income strategies, including the former Woodford Equity Income fund, and a lack of investment in the US stock market, which has performed very well.

The three HL Select funds all delivered excellent outcomes for clients versus their stated benchmarks both in discrete and rolling assessment with outperformance ranging from 8.9% for HL Select UK Income Shares to 24.8% for HL Select UK Growth Shares over the last 3 years. HL Multi-Manager European also did very well, outperforming its peers by 17.1% over the last 5 years.

After considering both discrete and rolling performance for absolute capital growth and relative to peers, we have concluded that seven funds of thirteen have delivered in accordance with the objectives set out in their prospectus and KIIDs and six need improvement. These 6 funds are HL Multi-Manager Asia & Emerging Markets, HL Multi-Manager High Income, HL Multi-Manager Equity & Bond Trust, HL Multi-Manager Income & Growth Trust, HL Multi-Manager Special Situations Trust and HL Multi-Manager Strategic Assets. Further details of each fund's performance can be found later in this report.

2.3. WHAT CAN WE DO BETTER?

We are continually looking to improve consistency in the delivery of long-term outperformance of our funds.

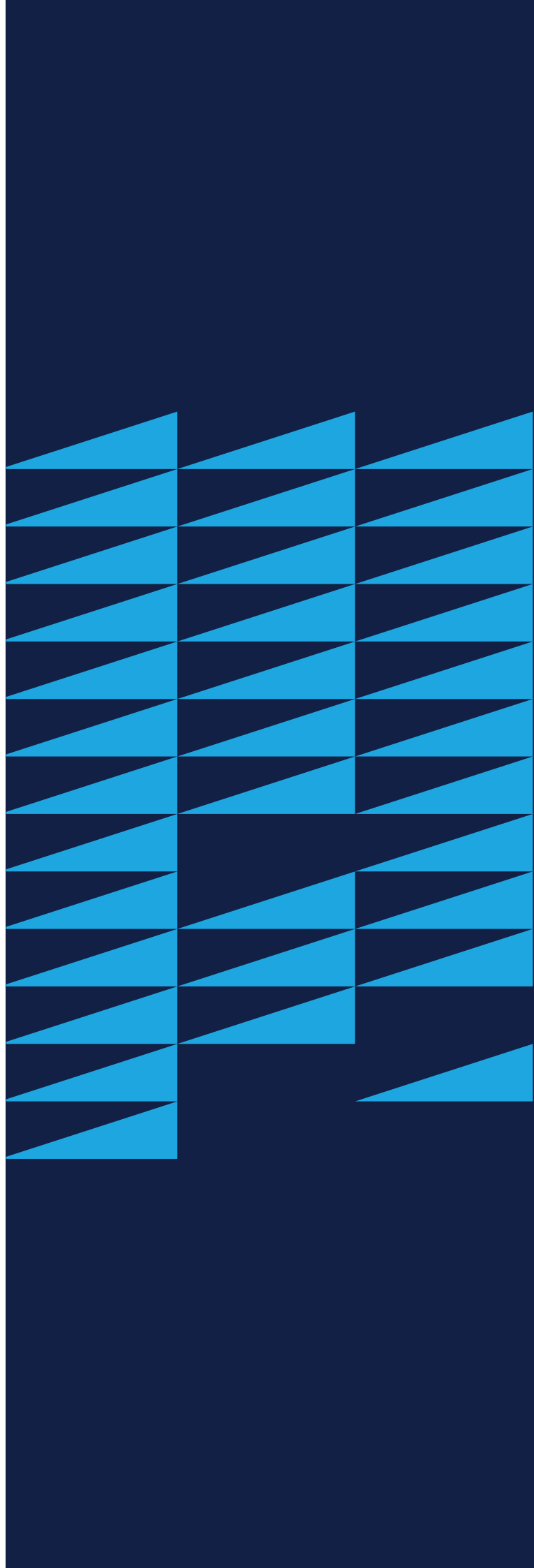
We believe the investment processes for our HL Multi-Manager and HL Select funds are sound, but we have taken steps during the year to improve investment performance on the HL Multi-Manager funds.

We have added to investment resource, appointed a new Head of Investment Risk and awarded segregated mandates to selected fund managers bringing greater focus to investment objectives and investment outcomes.

We are committed to further expanding and enhancing experience of the team. Recruitment has begun for a number of new roles, including a new additional Senior Fund Manager with a proven track record of delivering value for investors.

The investment process has also been developed further, including additional systems and processes to strengthen operational due diligence, manager selection and oversight. We are also enhancing our asset allocation methodology with both new systems and external hire to enable greater flexibility and capability to deliver better client outcomes.

The governance changes described earlier in this report will assist in providing focused oversight of these enhanced arrangements. We recognise that technology is a key differentiator and as such have been actively investing in new technology to enable more advanced monitoring and modelling capabilities in our portfolios. We believe the improvements already made, and those we are committed to implementing, will benefit the entire product range and enable us to achieve the investment objectives of the six funds not currently delivering for investors.



3. COST OF THE FUNDS

What makes up the charges you pay and are these appropriate?

3.1. HOW WE ASSESSED IT

For the HL Multi-Manager range we considered all costs that make up the Ongoing Charges Figure (OCF). This charge varies and includes the Annual Management Charge (AMC) to Hargreaves Lansdown, the expense on underlying investments (e.g. third-party funds within HL Multi-Managers) and the other expenses incurred by the fund. An OCF does not include performance fees, but no HLFM fund applies this charge.

For our HL Select funds, the OCF is fixed at 0.6% and includes the AMC to Hargreaves Lansdown and the other expenses incurred by the fund.

Costs included in the Ongoing Charges Figure

Annual Management Charge (AMC)

The AMC is the charge applied by Hargreaves Lansdown for managing the fund, and includes the costs of back office function, and distribution of the funds, as well as other services and activities described in the 'Quality of Service' section.

Expense of underlying investments – HL Multi-Manager funds

The expense of underlying investments includes the OCF of underlying funds and segregated mandates used within the HL Multi-Manager funds. We regularly review these charges and negotiate with the managers of the underlying funds used within the HL Multi-Manager range.

As our funds have increased in size, we have been able to vastly increase the number of segregated mandates used within our funds, which has reduced the costs, as in every case we have received either the same or lower charge for the mandate than the equivalent retail fund. Eight of the HL Multi-Manager funds now operate at least one segregated mandate, with the Income & Growth Trust holding over 80% of its portfolio within mandates. This allows us to continue to deliver improvements to the cost of our funds while retaining investment quality. These savings are passed onto clients in the form of a lower OCF.

Other expenses

The other expenses incurred by the HL Multi-Manager funds are charged separately to the expenses on underlying funds and the AMC of the fund. These costs are typically fixed and any reduction in these costs are passed directly on to investors. The other expenses within the HL Select funds are incorporated into the 0.6% OCF.

The following list is an example of some of the fees covered by 'other expenses':

- Trustee/Depository fees
- Safe custody fees
- Administration fees
- Printing fees
- Registrar fees
- FCA fees
- Insurance
- Audit fees
- Dealing fees
- Transaction charges

Fund	Total OCF (2019 figure) %	Basis point change over one year	Basis point change over five years	Charge (£) p/a on £1,000 investment
HL Multi-Manager Asia & Emerging Markets	1.56 (1.59)	-0.03	-0.09	15.60
HL Multi-Manager Balanced Managed	1.41 (1.43)	-0.02	-0.05	14.10
HL Multi-Manager Equity & Bond	1.32 (1.35)	-0.03	-0.07	13.20
HL Multi-Manager European	1.34 (1.47)	-0.13	-0.12	13.50
HL Multi-Manager High Income	1.25 (1.27)	-0.02	-0.03	12.50
HL Multi-Manager Income & Growth	1.24 (1.26)	-0.02	-0.08	12.40
HL Multi-Manager Special Situations	1.48 (1.47)	+0.01	-0.01	14.80
HL Multi-Manager Strategic Assets	1.37 (1.43)	-0.06	-0.07	13.70
HL Multi-Manager Strategic Bond	1.21 (1.25)	-0.04	-0.06	12.10
HL Multi-Manager UK Growth	1.33 (1.35)	-0.02	-0.06	13.30
HL Select Global Growth	0.60 (0.60)	0.00	N/A	6.00
HL Select UK Growth	0.60 (0.60)	0.00	N/A	6.00
HL Select UK Income	0.60 (0.60)	0.00	N/A	6.00

Source: Northern Trust and HL, correct as at 30/09/2020

3.2. WHAT WE CONCLUDED

The charges applied to the HL Select funds are competitive with an all-in charge of 0.6% and are between 31% and 34% cheaper than their respective sector median (see Section 4 for more detail).

The underlying fund charges of the HL Multi-Manager funds are reasonable for actively managed funds. We negotiate with managers we invest with to ensure that we receive a competitive price and, where we can, we have introduced segregated mandates (see Section 5 for more detail). These segregated mandates are all cheaper than, or the same price as, the equivalent retail funds we would otherwise invest in.

We have also continued to reduce our 'other expenses', most recently renegotiating our contract with Northern Trust. The savings we have achieved have been passed back to clients via a reduction in the funds' OCF.

What can we do better?

In recognition of a prolonged period of low yields on fixed interest securities and in anticipation that this will continue, we will reduce the AMC on HL Multi-Manager funds with fixed interest exposure from Q2 2021. This will improve these fund's potential to perform.

Funds investing exclusively in equities will remain at 0.75% AMC, while those with 100% fixed interest exposure will have an AMC of 0.60%. Charges for mixed asset funds will be calculated according to the underlying exposure. Five funds will benefit from this change: HL Multi-Manager Balanced Managed, Equity & Bond, High Income, Strategic Assets, and Strategic Bond.

We will continue to review all costs incurred by the funds to ensure that charges are fair and reasonable. We will also continue to search for opportunities to reduce our external costs, by continuing our roll out of segregated mandates and negotiating with underlying fund managers.

4. COMPARABLE MARKET RATES

How do the charges you pay for your fund measure against other comparable funds?

4.1. HOW WE ASSESSED IT

We assessed whether the fees for the HL Multi-Manager and Select ranges are reasonable compared to their peers. We compared the OCF, which provides the most complete picture of costs a fund incurs (the OCF does not include any performance fees, but no HLFM fund applies this charge).

To assess our pricing against a fair and comparable benchmark, we constructed peer groups for each of the HL Multi-Manager funds. We began with each fund's IA sector benchmark as stated on the prospectus. Using data provided by Lipper IM, an external data provider, we then retained only actively managed funds and retail share classes (or the share class available on the HL platform). We then removed single strategy funds from the comparison group when assessing the HL Multi-Manager fund fees and removed multi-manager funds when comparing the HL Select funds charges.

A HL fund's charge was judged as acceptable provided it was not out of step with the constructed peer group median.

4.2. WHAT WE CONCLUDED

We found that eleven of our thirteen funds were cheaper or in line with their constructed peer group median. In particular, the OCF for the HL Select funds was between 31% and 34% lower than their constructed peer group median.

Two of the ten HL Multi-Manager funds have marginally higher OCFs than their constructed peer group median: HL Multi-Manager Income & Growth Trust and HL Multi-Manager Strategic Bond Trust.

The 'Results per fund' section of this report details the fees analysis for each fund.

4.3. WHAT CAN WE DO BETTER?

The majority of our funds are cheaper or in line with peers. However, we are of the opinion that comparable fees can't be analysed in isolation. Following a holistic view on fees for services we will enhance our sharing of economies of scale. We will also reduce our Annual Management Charge (AMC) for our Multi-Manager funds that invest into fixed interest securities to reflect the increasingly low yield fixed interest environment. The two funds with marginally higher OCFs than their constructed peer group median will benefit from this reduction in AMC: (HL Multi-Manager Income & Growth Trust and HL Multi-Manager Strategic Bond Trust).

We will continue to monitor the adequacy of our fee structure throughout our product range and put effort into reducing fees for clients moving forward.

5. COMPARABLE SERVICES

Are there similar investments available to different client groups with different charging structures?

5.1. HOW WE ASSESSED

We compared the service and mandate offered by each fund against similar funds and/or mandates offered by HLFM, to retail clients or otherwise.

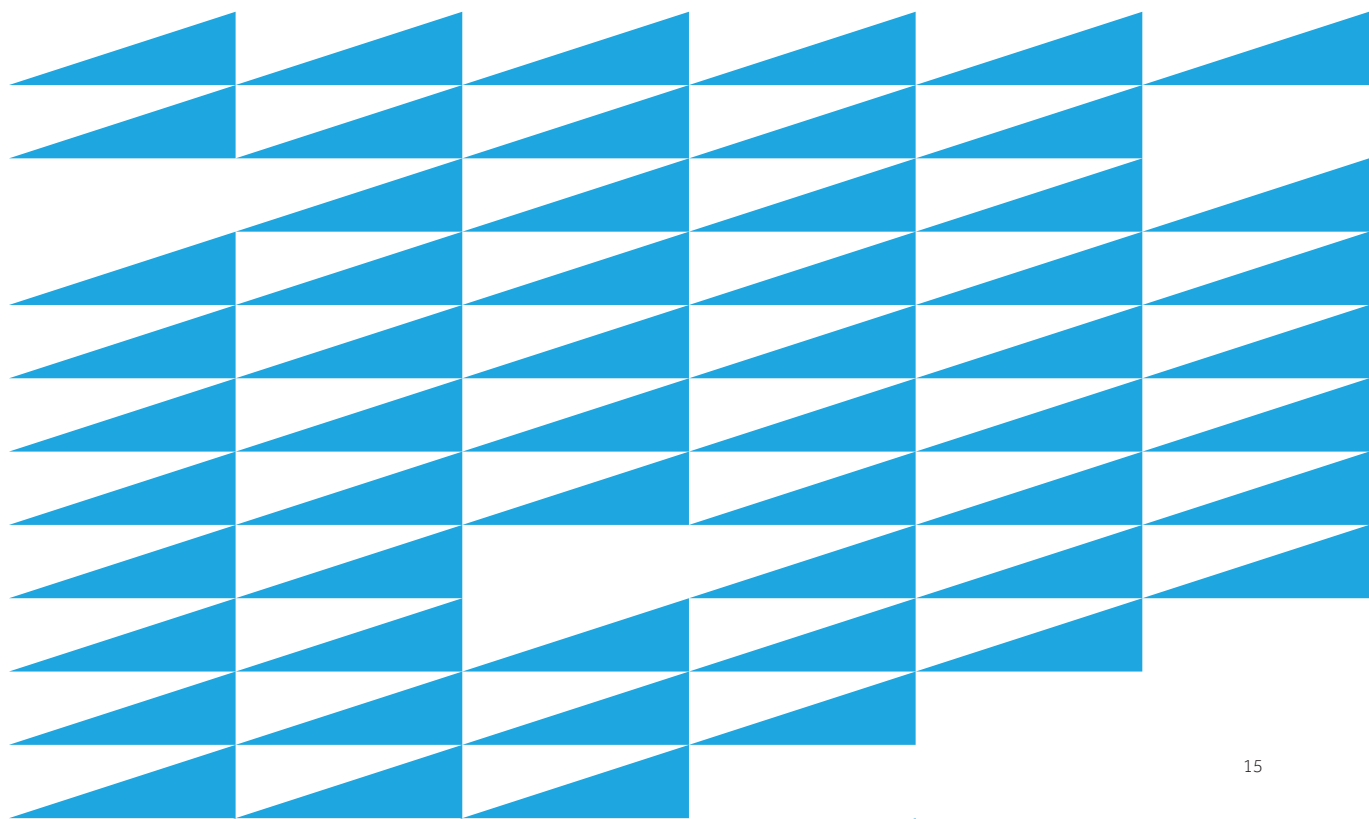
5.2. WHAT WE CONCLUDED

Each HL fund is distinctly different to the others, despite some funds sitting in the same IA sector, or having similar objectives. For example while the HL Multi-Manager UK Growth fund and the HL Select UK Growth Shares fund both have growth objectives and invest in UK equities, the fund-of-funds approach used in the HL Multi-Manager fund is a different service to the concentrated, direct equity approach of the HL Select fund. They therefore should not be considered 'comparable services'.

On this basis we believe we are providing value to investors, as each of our funds are distinctly different to the other funds in our range.

5.3 WHAT CAN WE DO BETTER?

Our focus has been on offering funds for retail clients and we will continue with this focus going forward. Should we provide mandates and/or funds to non-retail clients in the future we will consider how this impacts our retail offering, to ensure we continue to deliver in this area.



6. ECONOMIES OF SCALE

How do you benefit from the savings HL makes as the funds grow?

6.1. HOW WE ASSESSED IT

The HL Select funds were priced at launch as though they had already achieved scale. The funds have not yet achieved significant size that would bring any additional economies of scale.

For the HL Multi-Manager funds, investors benefit from economies of scale through reduced expenses on underlying funds and reduced 'other expenses'.

Expense of underlying fund charges

We regularly review and negotiate with fund groups on the charges they apply to their funds.

We make use of a Business Development team to lower the cost of investing for our investors. Scale is an important determinant of their success. They use our scale to ensure the charges of the underlying third-party funds we invest in remain competitive.

Our HL Multi-Manager funds have also reached such a size that many of them make use of segregated mandates where our Fund Managers believe opportunities for better performance potential and lower costs exist. This type of service cannot typically be accessed until significant scale is achieved. When negotiating and implementing a segregated mandate the charge will not exceed 0.6%.

Over time this has driven down the charges incurred by our HL Multi-Manager funds and this saving is passed on to end investors in the form of a reduction in OCF.

Other expenses

Many of the fees covered by 'other expenses' are fixed and as our funds increase in size these fees become a smaller proportion of the fund. That said we still conduct periodic reviews of these fees and the services we receive from third parties, particularly Northern Trust. In August 2020 we re-negotiated a lower fee with Northern Trust, the success of which was in part derived from the economies of scale we have achieved across our fund ranges. This saving reduces our 'other expenses' and is passed onto clients via a reduction in the OCF of each of our HL Multi-Manager funds.

6.2. WHAT WE CONCLUDED

Our assessment found that we achieve strong economies of scale. This has been leveraged to reduce the charge on underlying funds, implement segregated mandates and to lower our administration and other costs. These savings are passed onto HL Multi-Manager fund clients via a reduction in the OCF.

The HL Select funds have not yet achieved additional economies of scale.

6.3. WHAT CAN WE DO BETTER?

We will continue to seek opportunities to reduce all our fund charges as our funds continue to build further scale. This will come in the form of negotiating on charges of underlying fund managers and continuing to introduce segregated mandates where we find the opportunity to do so.

As a continuation of our efforts to reduce fees we will introduce a tiered charging structure that reduces Hargreaves Lansdown's AMC as the size of each Multi-Manager fund from Q2 2021. The tiering structure will see the AMC remain in place for the first £1 billion of assets but will fall by 6.66% for each £1 billion in assets up to a maximum fall in AMC of 20% on assets over £3 billion in any one fund.

EXAMPLE

Assets	Fee on each tier
Up to £1 billion	0.75%
£1 billion to £2 billion	0.7%
£2 billion to £3 billion	0.65%
Over £3 billion	0.6%

The three largest HL Multi-Manager funds will initially benefit from these changes: Balanced Managed, Income & Growth and Special Situations.

The HL Select funds have not yet achieved economies of scale. As the funds continue to grow, we will consider how best we can pass on any further realised benefits to investors.

7. CLASSES OF UNITS

Does your fund have cheaper share classes available?

7.1. HOW WE ASSESSED IT

We compared the classes of units for each of our funds that are available to investors. Whilst some HL funds have multiple share classes and are available in both income and accumulation units, there is no difference in the AMC and/or OCF of each fund.

7.2. WHAT WE CONCLUDED

Our HL Select funds only have one share class, though are available in both income and accumulation units to suit investor's needs.

Most of our HL Multi-Manager funds only have one share class, the 'Class A' units. In some instances, they are available in both income and accumulation units, although for our growth specific funds only accumulation units are available. Some HL Multi-Manager funds also have a 'Class M' unit, however these fund units are only available as part of our Portfolio+ proposition. Where a fund is available in both Class A and Class M, the charges are the same across the two share classes.

7.3. WHAT CAN WE DO BETTER?

We are satisfied that we meet this criterion across our fund range. Should we look to launch new share classes of our funds, we will consider the impact across all share classes.








HL MULTI-MANAGER ASIA & EMERGING MARKETS

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

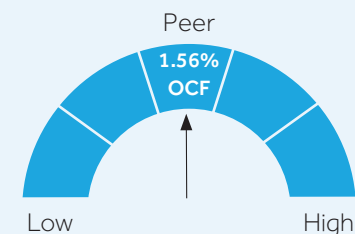
5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
63.78% £1,638	83.20% £1,832	2.25% £1,023	5 year performance (% and of £1000)
35.40% £1,354	50.58% £1,506	2.48% £1,025	Rolling 5 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF **Peer median OCF**
1.56% 1.56%

IA Sector median OCF
0.85%



Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Asia & Emerging Markets fund requires additional focus to improve the delivery of value in the future.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

Despite delivering good levels of capital growth, especially relative to cash, the HL Multi-Manager Asia & Emerging fund has underperformed compared to its peers over five years, and over rolling five years since inception. The fund has been negatively impacted by an underweight exposure to China, as China has delivered strong returns over five years. The fund has also suffered from manager selection, particularly in the emerging market part of the portfolio. The team has been working on reducing the underweight to China and have recently introduced a new strategy to the fund with greater exposure to this country. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the AMC.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to an OCF reduction of nine basis points over the past five years to 1.56%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund exceeds £1 billion of assets under management. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable market rates

This fund is more expensive than the sector average (50% IA Global Emerging Markets / 50% Asia Pacific excl. Japan). However, as an actively managed fund of funds, this fund is unique in its category. It is therefore difficult to compare this fund to any competitor.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Asia & Emerging Markets	38.71%	9.86%	-1.19%	7.88%	0.83%
IA Asia Pacific Excluding Japan	37.71%	15.44%	4.04%	6.09%	7.73%
IA Global Emerging Markets	38.54%	17.84%	-0.76%	7.30%	2.02%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust. Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

HL MULTI-MANAGER BALANCED MANAGED

OVERALL RATING

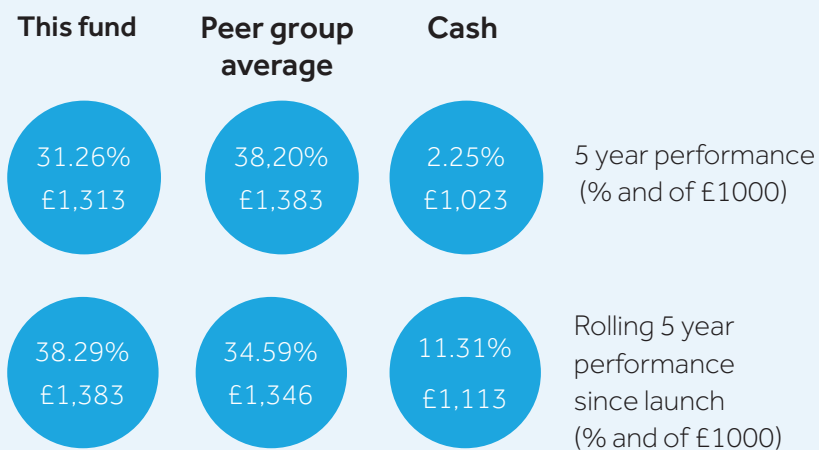


Additional focus required

ASSESSMENT CRITERIA

- Quality of Service
- Performance
- Cost of the Funds
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Classes of Units

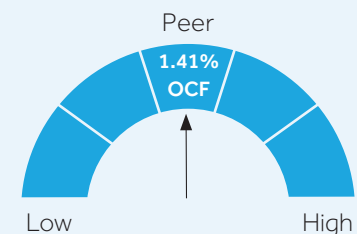
5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)



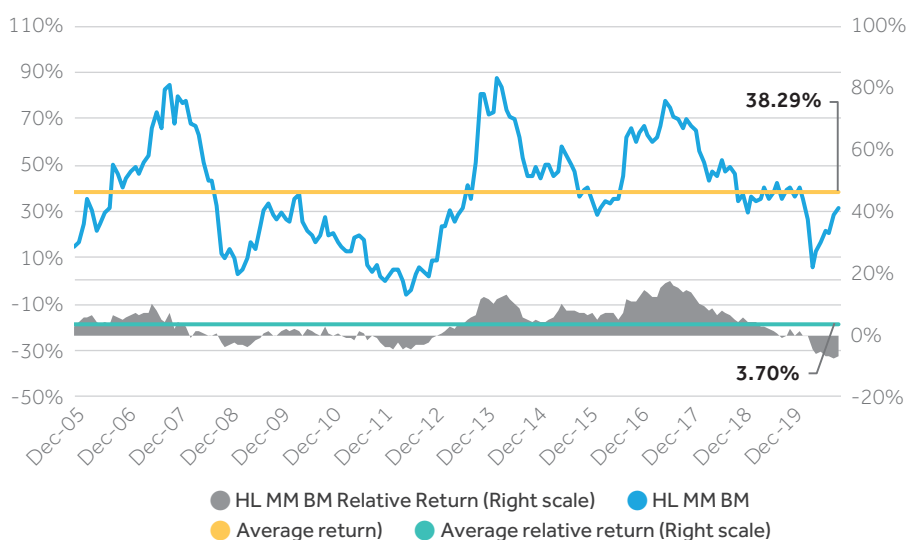
COMPARABLE FEES

OCF **Peer median OCF**
1.41% 1.48%

IA Sector median OCF
1.37%



RETURNS (ROLLING 5 YEARS SINCE LAUNCH) HL MULTI-MANAGER BALANCED MANAGED



5 years rolling charts

The **blue line** in the chart shows the rolling 5 years returns. Each month, the data point gives the 5 year returns correct at that date. For example, in Dec 2019, the data point represents the returns from Dec 2014 to Dec 2019.

The **yellow line** represents the average of these 5 years returns calculated every month since inception. It gives an indication of the average return an investor would have received if he/she had entered at any time since launch and stayed for the recommended investment period (5 years).

The **grey area** is the rolling relative return of the fund vs its Sector. It shows the 5 years overperformance (or underperformance) each month. For example, the data point at the end of Dec 19 will give the over or underperformance the fund has generated from Dec 14 to Dec 19.

The **green line** represents the average of these 5 years relative returns calculated every month since inception. It gives an indication of the level of relative return an investor would have received on average if he/she had entered at any time since launch and stayed for the minimum recommended investment period (5 years).

Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Balanced Managed fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

The fund is delivering value as it has provided consistent capital growth and outperformed both cash and the peer group over rolling five-year periods since inception. In more recent years the fund has suffered due to a tilt towards UK equities and shorter dated bonds, which have underperformed global equivalents. The Portfolio Managers have more conviction in UK-focused fund managers' ability to outperform over the long term. The UK market has also appeared cheap compare to other countries like the US over the last three years, which has presented opportunities, but meant short-term underperformance. Our exposure to value investors in the UK has been particularly painful, including the exposure to the Woodford Equity Income strategy. Going forward, the portfolio managers expect UK and US markets to deliver similar long-term returns, correcting the strong relative performance of the US market of recent years. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other

costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

To date, we have charged 0.75% AMC across all our Multi-Manager funds. However, in light of continued low yields on fixed interest we will reduce the AMC on Multi-Manager funds with fixed interest exposure moving forwards. Funds investing exclusively in equities will remain at 0.75% AMC, while those with 100% fixed interest exposure will have an AMC of 0.60%. Charges for mixed asset funds are calculated according to the underlying exposure.

This change, and the reduction for economies of scale (see section below), will see the AMC for this fund fall from 0.75% to 0.71% from Q2 2021. This will reduce the OCF of the fund to 1.38%.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to the OCF dropping 5 basis points in a five-year period to 1.41%.

As this fund has sufficiently grown its assets under management clients will now also benefit from additional economies of scale under our new tiered charging structure. The AMC on the first £1billion of assets under management will continue to be 0.75%; however, for assets between £1billion and £2billion, our AMC will now be 0.70%. The fund will see a further reduction in the AMC when it reaches £2 billion of assets under management. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The fund's OCF was found to be below the average of its peers.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Balanced Managed Trust	18.60%	10.38%	4.85%	-0.34%	-4.04%
IA Mixed Investment 40-85% Shares	15.72%	9.37%	5.31%	4.13%	-0.42%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

Rolling 5 years figures illustrate the average return a client would have made if they had invested at any point in time since the fund's launch and held the investment for five years (which is the minimum recommended holding period).

HL MULTI-MANAGER EQUITY & BOND TRUST

OVERALL RATING

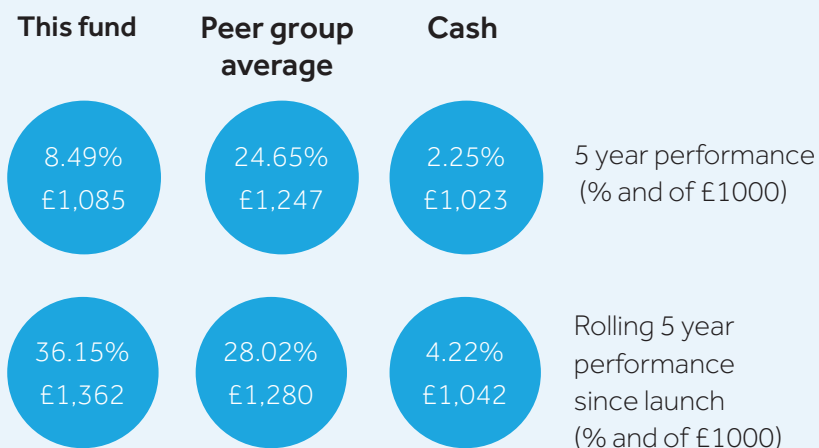


Additional focus required

ASSESSMENT CRITERIA

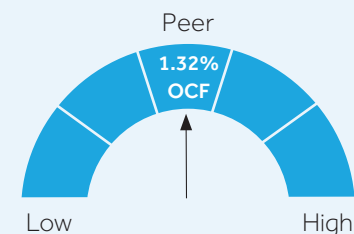
- Quality of Service
- Performance
- Cost of the Funds
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Classes of Units

5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

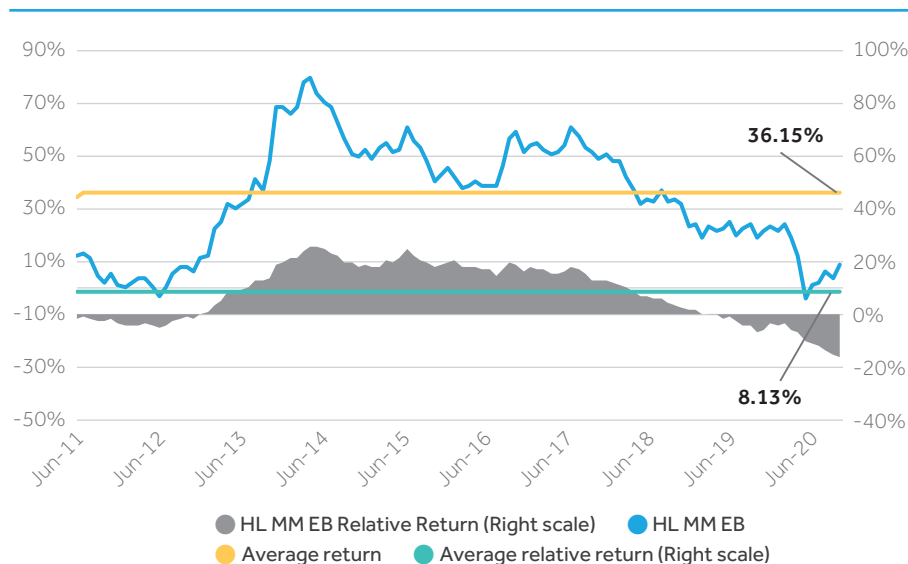


COMPARABLE FEES

OCF	Peer median OCF
1.32%	1.34%
IA Sector median OCF	
1.20%	



RETURNS (ROLLING 5 YEARS SINCE LAUNCH) HL MULTI-MANAGER EQUITY & BOND TRUST ACC



5 years rolling charts

The **blue line** in the chart shows the rolling 5 years returns. Each month, the data point gives the 5 year returns correct at that date. For example, in Dec 2019, the data point represents the returns from Dec 2014 to Dec 2019.

The **yellow line** represents the average of these 5 years returns calculated every month since inception. It gives an indication of the average return an investor would have received if he/she had entered at any time since launch and stayed for the recommended investment period (5 years).

The **grey area** is the rolling relative return of the fund vs its Sector. It shows the 5 years overperformance (or underperformance) each month. For example, the data point at the end of Dec 19 will give the over or underperformance the fund has generated from Dec 14 to Dec 19.

The **green line** represents the average of these 5 years relative returns calculated every month since inception. It gives an indication of the level of relative return an investor would have received on average if he/she had entered at any time since launch and stayed for the minimum recommended investment period (5 years).

Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Equity & Bond fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments. The fund also offers investors flexibility with, and consistency of, income. The fund aims to pay eleven equal monthly dividends and one final, often larger, dividend which rounds up all the remaining income received that financial year.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

Despite providing consistent capital growth and outperforming both cash and the peer group over rolling five-year periods, the fund has underperformed its peer group over the last 5 years. This was mainly due to an underweight to US equities and overweight to UK equities. The investment team continues to view the US market as expensive compared to historical levels and other markets and sees better opportunities in other markets. This position also reflects the higher levels of income opportunities in the UK. The fund's exposure to total return managers has been increased to provide some shelter from market volatility. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

To date, we have charged 0.75% AMC across all our Multi-Manager funds. However, in light of continued low yields on fixed interest we will reduce the AMC on Multi-Manager funds with fixed interest exposure moving forwards. Funds investing exclusively in equities will remain at 0.75% AMC, which those with 100% fixed interest exposure will have an AMC of 0.60%. Charges for mixed asset funds will be calculated according to the underlying exposure and therefore the AMC for this fund will fall from 0.75% to 0.69% from Q2 2021. This will reduce the OCF of the fund to 1.26%.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to an OCF reduction of seven basis points over the past five years to 1.32%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund reaches £1 billion of assets under management. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The fund's OCF was found to be in line with its peers.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Equity & Bond Trust	12.23%	5.76%	1.34%	-1.50%	-7.93%
IA Mixed Investment 20-60% Shares	12.38%	6.18%	2.71%	4.13%	-1.47%

A Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

Il data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

Rolling 5 years figures illustrate the average return a client would have made if they had invested at any point in time since the fund's launch and held the investment for five years (which is the minimum recommended holding period).




HL MULTI-MANAGER EUROPEAN

OVERALL RATING



Delivering value

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

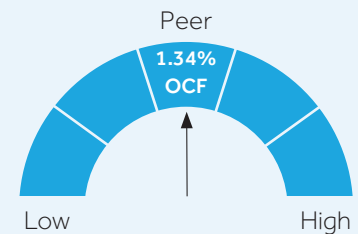
5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
72.62% £1,726	55.53% £1,555	2.25% £1,023	5 year performance (% and of £1000)
52.51% £1,525	38.62% £1,386	2.50% £1,025	Rolling 5 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF	Peer median OCF
1.34%	1.34%

IA Sector median OCF
0.92%



Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager European fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

To the best of our knowledge, this fund is unique in that there are no other Fund-of-Funds that invest into a diversified portfolio of European (excluding UK) equity funds. Investors benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

The fund has delivered better returns than its peers and excellent levels of capital growth over the last five years and rolling five years since inception. The fund benefitted from good style diversification as well as good manager selection. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to an OCF reduction of twelve basis points over the past five years to 1.34%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund reaches £1 billion of assets under management. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable Market rates

This fund is more expensive than the IA Europe sector average. However, as an actively managed fund of funds, this fund is unique in its category. It is therefore difficult to compare this fund to any competitor.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager European	24.77%	17.75%	6.42%	2.51%	7.70%
IA Europe Excluding UK	18.58%	22.09%	1.81%	1.96%	3.48%

A Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020








HL MULTI-MANAGER HIGH INCOME

OVERALL RATING



Delivering value

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

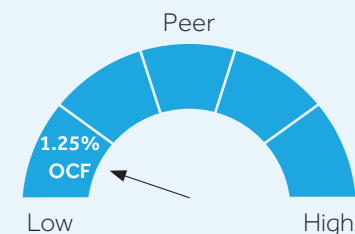
3 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
-5.48% £945	9.66% £1,097	2.25% £1,023	3 year performance (% and of £1000)
7.21% £1,072	16.47% £1,165	1.55% £1,016	Rolling 3 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF	Peer median OCF
1.25%	1.37%

IA Sector median OCF
1.26%



Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager High Income fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments. The fund also offers investors flexibility with, and consistency of, income. The fund aims to pay eleven equal monthly dividends and one final, often larger, dividend which rounds up all the remaining income received that financial year.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

Despite delivering good capital growth over rolling three-year periods since inception the fund has underperformed both the peer group and cash over the last three years. The fund focuses on both income and capital preservation. Underperformance of the peer group can be attributed to an overweight exposure to UK equity income and lower-risk fixed income assets. The investment team has been diversifying the income stream, introducing new strategies across Emerging Market debt, Europe and Global high yield bonds. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

To date, we have charged 0.75% AMC across all our Multi-Manager funds. However, in light of continued low yields on fixed interest we will reduce the AMC on Multi-Manager funds with fixed interest exposure moving forwards. Funds investing exclusively in equities will remain at 0.75% AMC, which those with 100% fixed interest exposure will have an AMC of 0.60%. Charges for mixed asset funds will be calculated according to the underlying exposure and therefore the AMC for this fund will fall from 0.75% to 0.69% from Q2 2021. This will reduce the OCF of the fund to 1.19%.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to an OCF reduction of three basis points over the past five years to 1.25%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund reaches £1 billion of assets under management. Full details of the new tiered charging structure is covered in the 'Economies of scale' section of this paper

Comparable Market rates

The fund's OCF was found to be below its peers.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager High Income	N/A	8.35%	2.98%	0.66%	-8.83%
IA Flexible Investment	N/A	11.25%	5.99%	2.84%	0.61%

A Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust. Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

HL MULTI-MANAGER INCOME & GROWTH TRUST

OVERALL RATING

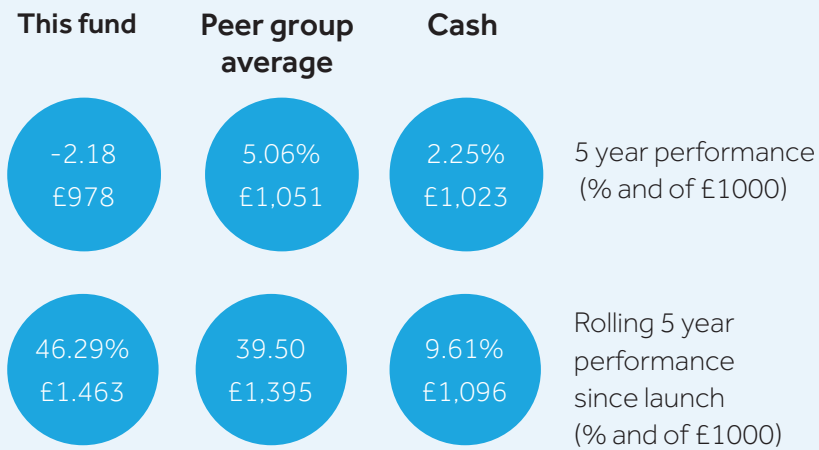


Additional focus required

ASSESSMENT CRITERIA

- Quality of Service
- Performance
- Cost of the Funds
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Classes of Units

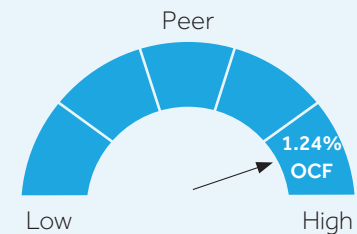
5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)



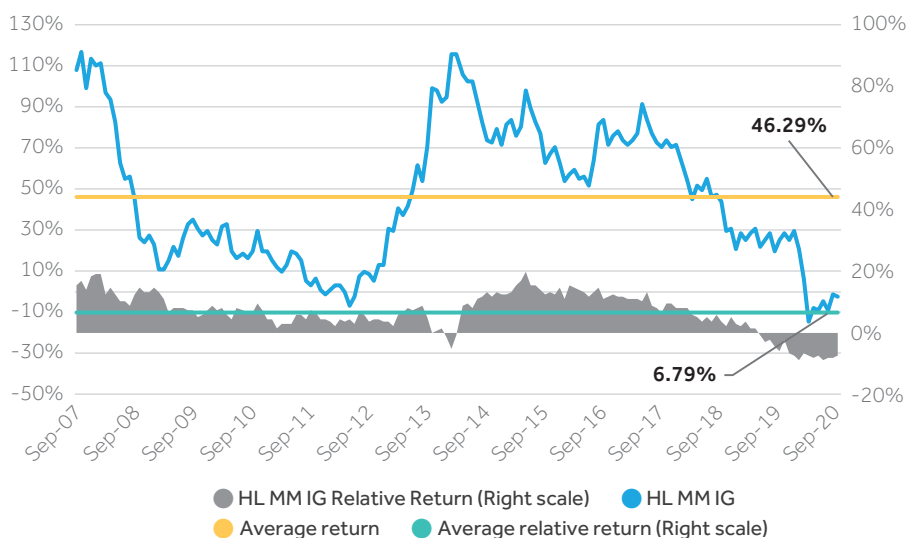
COMPARABLE FEES

OCF **Peer median OCF**
1.24% 1.13%

IA Sector median OCF
0.91%



RETURNS (ROLLING 5 YEARS SINCE LAUNCH) HL MULTI-MANAGER INCOME & GROWTH TRUST A ACC



5 years rolling charts

The **blue line** in the chart shows the rolling 5 years returns. Each month, the data point gives the 5 year returns correct at that date. For example, in Dec 2019, the data point represents the returns from Dec 2014 to Dec 2019.

The **yellow line** represents the average of these 5 years returns calculated every month since inception. It gives an indication of the average return an investor would have received if he/she had entered at any time since launch and stayed for the recommended investment period (5 years).

The **grey area** is the rolling relative return of the fund vs its Sector. It shows the 5 years overperformance (or underperformance) each month. For example, the data point at the end of Dec 19 will give the over or underperformance the fund has generated from Dec 14 to Dec 19.

The **green line** represents the average of these 5 years relative returns calculated every month since inception. It gives an indication of the level of relative return an investor would have received on average if he/she had entered at any time since launch and stayed for the minimum recommended investment period (5 years).

Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Income & Growth fund requires additional focus to improve the delivery of value in the future.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments. The fund also offers investors flexibility with, and consistency of, income. The fund aims to pay eleven equal monthly dividends and one final, often larger, dividend which rounds up all the remaining income received that financial year.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

This fund has delivered strong capital growth, outperforming cash and the peer group, over rolling five years since inception; however, it has underperformed both over the last 5 years. The fund has been negatively impacted by a focus on UK equity income managers, including the Woodford Equity Income Fund, during this period. UK equity income continues to provide a higher level of income than overseas markets and the managers believe the recent recovery in UK income and value stocks supports their conviction towards this sector of the market. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to

reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to an OCF reduction of eight basis points over the past five years to 1.24%.

As this fund has sufficiently grown its assets under management clients will now also benefit from additional economies of scale under our new tiered charging structure. The AMC on the first £1 billion of assets under management will continue to be 0.75%; however, for assets between £1 billion and £2 billion, our AMC will now be 0.70%. The fund will see a further reduction in the AMC when it reaches £2 billion of assets under management. Currently this change will reduce the OCF of the fund to 1.22%. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The fund was found to be above its peer's level of fees, however at the upper end of a range in which we were comfortable. Economies of scale changes outlined above will help to reduce the charge further. From Q2 2021 the AMC of this fund will fall to 0.72% as a result of our reduced fee on fixed interest.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Income & Growth Trust	12.76%	8.09%	4.55%	-5.41%	-18.85%
IA UK Equity Income	11.25%	10.66%	3.54%	-0.37%	-17.28%

A Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

Rolling 5 years figures illustrate the average return a client would have made if they had invested at any point in time since the fund's launch and held the investment for five years (which is the minimum recommended holding period).

HL MULTI-MANAGER SPECIAL SITUATIONS TRUST

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

- Quality of Service
- Performance
- Cost of the Funds
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Classes of Units

5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

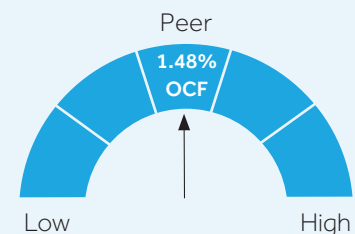
This fund	Peer group average	Cash	
48.08% £1,481	85.95% £1,860	2.25% £1,023	5 year performance (% and of £1000)
54.47% £1,545	47.48% £1,475	11.09% £1,111	Rolling 5 year performance since launch (% and of £1000)

COMPARABLE FEES

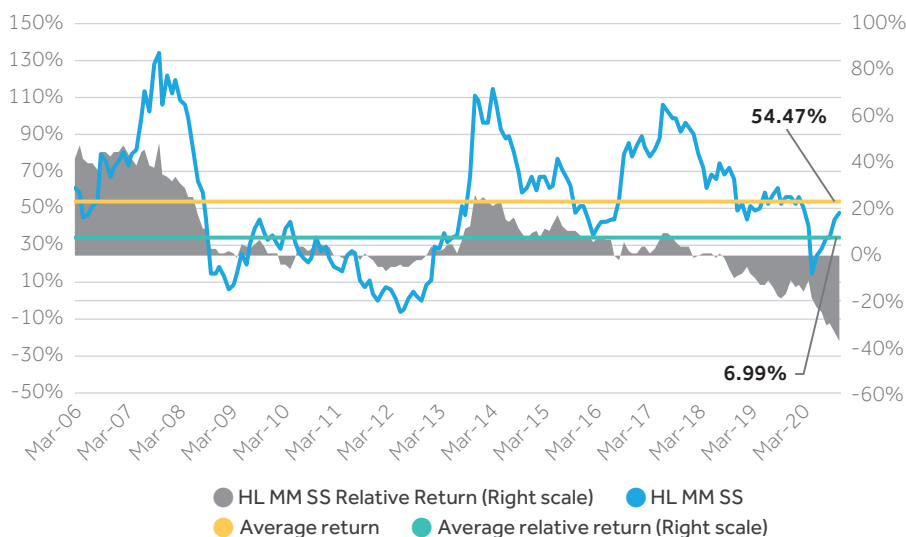
OCF	Peer median OCF
1.48%	1.47%

IA Sector median OCF

0.94%



RETURNS (ROLLING 5 YEARS SINCE LAUNCH) HL MULTI-MANAGER SPECIAL SITUATIONS TRUST ACC



5 years rolling charts

The **blue line** in the chart shows the rolling 5 years returns. Each month, the data point gives the 5 year returns correct at that date. For example, in Dec 2019, the data point represents the returns from Dec 2014 to Dec 2019.

The **yellow line** represents the average of these 5 years returns calculated every month since inception. It gives an indication of the average return an investor would have received if he/she had entered at any time since launch and stayed for the recommended investment period (5 years).

The **grey area** is the rolling relative return of the fund vs its Sector. It shows the 5 years overperformance (or underperformance) each month. For example, the data point at the end of Dec 19 will give the over or underperformance the fund has generated from Dec 14 to Dec 19.

The **green line** represents the average of these 5 years relative returns calculated every month since inception. It gives an indication of the level of relative return an investor would have received on average if he/she had entered at any time since launch and stayed for the minimum recommended investment period (5 years).

Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Special Situations provides investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

This fund has delivered strong capital growth, outperforming cash and the peer group, over rolling five years since inception; however, it has underperformed both over the last 5 years. This can largely be attributed to an overweight to UK Equities and an underweight to the strongly performing US market. The fund has also been negatively impacted by fund selection in the UK Equity Income space, including the Woodford Equity Income Fund, and in Japan. The portfolio managers have taken steps to reduce the overweight to the UK by introducing or adding to global strategies with higher exposure to the US. They may also look to add a US equity fund to the portfolio. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

Economies of scale

Historically, the fund has achieved economies of scale in several areas. Over the past five years we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a one basis point reduction in the OCF to 1.48%.

As this fund has sufficiently grown its assets under management clients will now also benefit from additional economies of scale under our new tiered charging structure. The AMC on the first £1billion of assets under management will continue to be 0.75%; however, for assets between £1billion and £2billion, our AMC will now be 0.70%. The fund will see a further reduction in the AMC when it reaches £2 billion of assets under management. Currently this change will reduce the OCF of the fund to 1.46%. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The fund's OCF is in line with its peer's fees.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Special Situations Trust	21.01%	15.05%	8.34%	-0.63%	-1.20%
IA Global	27.21%	15.01%	11.80%	5.88%	7.37%

A Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

Rolling 5 years figures illustrate the average return a client would have made if they had invested at any point in time since the fund's launch and held the investment for five years (which is the minimum recommended holding period).








HL MULTI-MANAGER STRATEGIC ASSETS

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

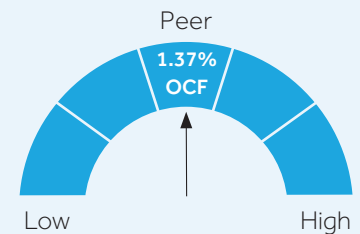
3 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
-0.18% £998	9.66% £1,097	2.25% £1,023	3 year performance (% and of £1000)
3.63% £1,036	17.86% £1,179	1.54% £1,015	Rolling 3 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF	Peer median OCF
1.37%	1.37%

IA Sector median OCF
1.26%



Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Strategic Assets fund requires additional focus to improve the delivery of value in the future.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments. The fund also offers investors flexibility with income. Investors can choose to receive the bi-annual dividend in cash by purchasing the income units, or have it reinvested into the fund with accumulation units.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

The HL Multi-Manager Strategic Assets fund has underperformed in absolute terms and relative to peers over rolling three years since inception. This is due to the fund's lower equity and higher fixed income exposure compared to the peer group. A tilt towards the UK Equity Income sector has held back performance of the equity portion of the portfolio while exposure to lower risk bonds has negatively impacted the fixed income portion. The fund is compared against the IA Flexible Investments sector, where there is a large range of strategies not directly comparable to the HL MM Strategic Assets fund. Funds in this category can allocate between 0% to 100% to equities, with the average fund in the sector holding around 70%. Meanwhile, HL MM Strategic Assets generally has 40% exposure to equities. Past performance is not a guide to the future.

The team have removed or reduced exposure to funds that have failed to meet their expectations and are seeking to diversify the portfolios exposure to total return orientated funds to deliver greater consistency of performance. In addition, they have added exposure to a mix of bond funds managed with a total return philosophy.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Strategic Assets	N/A	2.98%	1.92%	-0.81%	-1.26%
IA Flexible Investment	N/A	11.25%	5.99%	2.84%	0.61%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020.

N/A = performance for this time period is not available.

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust. Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

To date, we have charged 0.75% AMC across all our Multi-Manager funds. However, in light of continued low yields on fixed interest we will reduce the AMC on Multi-Manager funds with fixed interest exposure moving forwards. Funds investing exclusively in equities will remain at 0.75% AMC, which those with 100% fixed interest exposure will have an AMC of 0.60%. Charges for mixed asset funds will be calculated according to the underlying exposure and therefore the AMC for this fund will fall from 0.75% to 0.69% from Q2 2021. This change will reduce the OCF of the fund to 1.31%.

Economies of scale

The fund has achieved economies of scale in several areas. For example, we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a reduction in the OCF. We have also seen a reduction in the other charges incurred by the fund. This has led to an OCF reduction of seven basis points over the past five years to 1.37%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund reaches £1 billion of assets under management. Full details of the new tiered charging structure is covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The fund's OCF is in line with its peer's fees.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

HL MULTI-MANAGER STRATEGIC BOND TRUST

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

- Quality of Service
- Performance
- Cost of the Funds
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Classes of Units

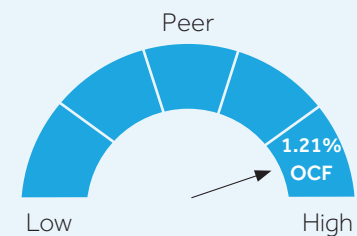
5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
21.21% £1,212	21.67% £1,217	2.25% £1,023	5 year performance (% and of £1000)
26.88% £1,269	27.04% £1,270	2.43% £1,024	Rolling 5 year performance since launch (% and of £1000)

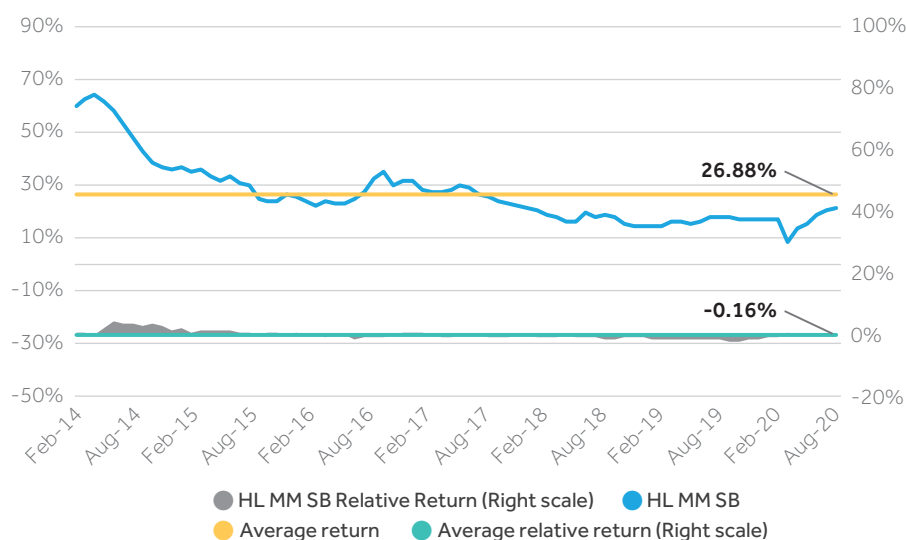
COMPARABLE FEES

OCF	Peer median OCF
1.21%	1.10%

IA Sector median OCF
0.73%



RETURNS (ROLLING 5 YEARS SINCE LAUNCH) HL MULTI-MANAGER STRATEGIC BOND TRUST A ACC



5 years rolling charts

The **blue line** in the chart shows the rolling 5 years returns. Each month, the data point gives the 5 year returns correct at that date. For example, in Dec 2019, the data point represents the returns from Dec 2014 to Dec 2019.

The **yellow line** represents the average of these 5 years returns calculated every month since inception. It gives an indication of the average return an investor would have received if he/she had entered at any time since launch and stayed for the recommended investment period (5 years).

The **grey area** is the rolling relative return of the fund vs its Sector. It shows the 5 years overperformance (or underperformance) each month. For example, the data point at the end of Dec 19 will give the over or underperformance the fund has generated from Dec 14 to Dec 19.

The **green line** represents the average of these 5 years relative returns calculated every month since inception. It gives an indication of the level of relative return an investor would have received on average if he/she had entered at any time since launch and stayed for the minimum recommended investment period (5 years).

Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager Strategic Bond fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments. The fund also offers investors flexibility with, and consistency of, income. The fund aims to pay eleven equal monthly dividends and one final, often larger, dividend which rounds up all the remaining income received that financial year.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

The HL Multi-Manager Strategic Bond Trust has performed in line with its objectives. The fund has taken a relatively lower-risk approach in recent years and has delivered superior risk-adjusted returns. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

To date, we have charged 0.75% AMC across all our Multi-Manager funds. However, in light of continued low yields on fixed interest we will reduce the AMC on Multi-Manager funds with fixed interest exposure moving forwards. Funds investing exclusively in equities will remain at 0.75% AMC, which those with 100% fixed interest exposure will have an AMC of 0.60%. As this fund has no equity exposure, the AMC for this fund will fall from 0.75% to 0.60% from Q2 2021. This change will reduce the OCF of the fund to 1.06%.

Economies of scale

Historically, the fund has achieved economies of scale in several areas. Over the past five years we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a six basis point reduction in the OCF to 1.21%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund reaches £1 billion of assets under management. Full details of the new tiered charging structure is covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The HL MM Strategic Bond Trust's OCF was found to be above its peers. From Q2 2021 the AMC of this fund will fall to 0.60% as a result of our reduced fee on fixed interest.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager Strategic Bond Trust	7.38%	3.14%	0.11%	5.90%	3.59%
IA £ Strategic Bond	8.17%	2.90%	-0.01%	6.78%	3.25%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020.

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

Rolling 5 years figures illustrate the average return a client would have made if they had invested at any point in time since the fund's launch and held the investment for five years (which is the minimum recommended holding period).





HL MULTI-MANAGER UK GROWTH

OVERALL RATING



Delivering value

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

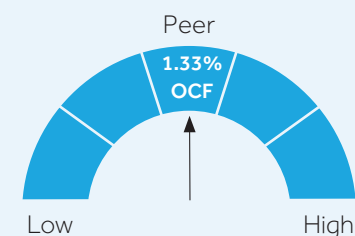
5 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
14.79% £1,148	16.70% £1,167	2.25% £1,023	5 year performance (% and of £1000)
16.04% £1,160	15.93% £1,159	2.50% £1,025	Rolling 5 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF **Peer median OCF**
1.33% 1.28%

IA Sector median OCF
0.85%



Our board of directors concluded that, based on the areas assessed, the HL Multi-Manager UK Growth fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 75% of investors in our Multi-Manager funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

Investors in this fund benefit from institutional level of fund selection, access and pricing. The fund's managers perform in-depth analysis of underlying manager performance, ensure diversified portfolio construction, and provide ongoing management and rebalancing of the investments.

The fund has a very low minimum lump-sum investment requirement, which means clients can access this highly diversified portfolio of investments from as little as £100, or £25 per month. Meanwhile, our robust governance procedures create a safe and challenged investment environment, to give investors' confidence that their money is well looked after.

Performance

The HL MM UK Growth has performed in line with its objectives. The fund has delivered capital growth comparable with its sector. The fund has particularly benefitted from its selection of managers investing in small and medium-sized companies, and from an underweight exposure to UK Equity income strategies. Past performance is not a guide to the future.

Cost of the Funds

The cost of this fund is broken down into three distinct categories, our annual management charge, the underlying fund manager charges and the 'other costs' of the fund, which includes many external administration and custody charges. We frequently negotiate with the underlying fund managers to reduce the charges incurred by their funds and have recently also renegotiated our contract with Northern Trust, who administer our funds. Any reduction in these charges have been passed back to investors via the OCF.

Economies of scale

Historically, the fund has achieved economies of scale in several areas. Over the past five years we have negotiated with underlying fund managers and introduced segregated mandates to reduce the underlying fund charges. These benefits have been passed back to investors in the form of a six basis point reduction in the OCF to 1.33%.

As the fund grows its assets under management clients will benefit from additional economies of scale under our new tiered charging structure. This will see a reduction in the fund's AMC when the fund reaches £1 billion of assets under management. Full details of the new tiered charging structure are covered in the 'Economies of scale' section of this paper.

Comparable Market rates

The fund's OCF is in line with its peer's fees.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Multi-Manager UK Growth	13.73%	14.41%	5.10%	-3.58%	-12.90%
IA UK All Companies	11.98%	13.84%	5.63%	0.08%	-13.15%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020.

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust. Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020


HL SELECT GLOBAL GROWTH SHARES

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

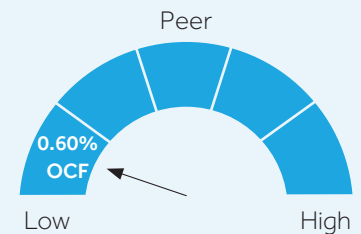
1 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
21.63% £1,216	5.24% £1,052	2.25% £1,023	1 year performance (% and of £1000)
16.57% £1,166	4.27% £1,043	0.53% £1,005	Rolling 1 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF **Peer median OCF**
0.60% 0.91%

IA Sector median OCF
0.94%



Our board of directors concluded that, based on the areas assessed, the HL Select Global Growth fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 86% of investors in the Select funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

The fund shows a daily breakdown of portfolio holdings. The managers explain why each investment is held and provide clients with regular information on what's happening with their investment. Showing what a fund manager does and how they assess stocks and markets helps to build investor confidence in financial markets. This level of insight and transparency, provided via updates and fund blogs, is highly valued by clients.

Performance

The fund has delivered strong returns for clients both in absolute terms and relative to the sector. This has been achieved through good stock selection and a bias to growth stocks, which have outperformed value stocks. Past performance is not a guide to the future.

Cost of the Funds

The 0.60% charges incurred by the fund, includes all ongoing charges and expenses. The costs of 3rd party research have always been borne by the Fund Managers. Any other additional costs are reimbursed by the manager.

Economies of scale

The fund has not yet achieved significant economies of scale that can benefit investors. As the fund continues to grow, we will consider how best to pass on benefits to investors.

Comparable Market rates

The HL Select Global Growth fund is very competitively priced with an OCF lower than the sector median by 0.31%.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Select Global Growth Shares	N/A	N/A	N/A	N/A	21.63%
IA Global	N/A	N/A	N/A	N/A	7.37%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020.

N/A = performance for this time period is not available.

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020


HL SELECT UK GROWTH SHARES

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

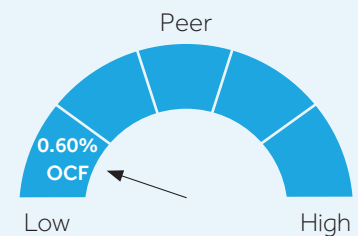
3 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
16.56% £1,166	-8.19% £918	2.25% £1,023	3 year performance (% and of £1000)
23.08% £1,231	1.68% £1,017	1.66% £1,017	Rolling 3 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF **Peer median OCF**
0.60% 0.87%

IA Sector median OCF
0.85%



Our board of directors concluded that, based on the areas assessed, the HL Select UK Growth Shares fund offers investors value.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 86% of investors in the Select funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

The fund shows a daily breakdown of portfolio holdings. The managers explain why each investment is held and provide clients with regular information on what's happening with their investment. Showing what a fund manager does and how they assess stocks and markets helps to build investor confidence in financial markets. This level of insight and transparency, provided via updates and fund blogs, is highly valued by clients.

Performance

The fund has delivered strong returns for clients both in absolute terms and relative to the sector. This has been achieved through good stock selection and a bias to growth stocks, which have outperformed value. Past performance is not a guide to the future.

Cost of the Funds

The 0.60% charges incurred by the fund, includes all ongoing charges and expenses. The costs of 3rd party research have always been borne by the Fund Managers. Any other additional costs are reimbursed by the manager.

Economies of scale

The fund has not yet achieved significant economies of scale that can benefit investors. As the fund continues to grow, we will consider how best to pass on benefits to investors.

Comparable Market rates

The HL Select UK Growth Shares fund is very competitively priced with an OCF lower than the sector median by 0.27%.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Select UK Growth Shares	N/A	N/A	13.02%	3.82%	-0.66%
IA UK All Companies	N/A	N/A	5.63%	0.08%	-13.15%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020.

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020



HL SELECT UK INCOME SHARES

OVERALL RATING



Additional focus required

ASSESSMENT CRITERIA

-  Quality of Service
-  Performance
-  Cost of the Funds
-  Economies of Scale
-  Comparable Market Rates
-  Comparable Services
-  Classes of Units

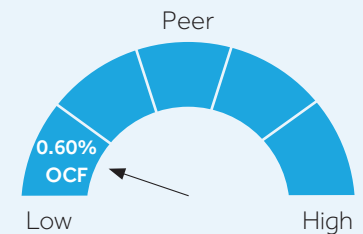
3 YEAR RETURNS AND RELATIVE RETURNS (% AND OF £1000)

This fund	Peer group average	Cash	
-5.75% £943	-14.66% £853	2.25% £1,023	3 year performance (% and of £1000)
-5.37% £946	-11.69% £883	1.68% £1,017	Rolling 3 year performance since launch (% and of £1000)

COMPARABLE FEES

OCF **Peer median OCF**
0.60% 0.89%

IA Sector median OCF
0.91%



Our board of directors concluded that, based on the areas assessed, the HL Select UK Income Shares fund offers investors value for money.

Quality of service

We concluded that we offer clients a good quality of service. This conclusion is supported by client feedback in our latest Annual Client Satisfaction Survey: 86% of investors in the Select funds describe the service we provide as excellent, very good or good. This is supported by the latest (November 2020) independent research from Boring Money into 31 fund groups which shows 72% of HLFM clients feel we offer value for money, placing us fourth in the industry.

The fund shows a daily breakdown of portfolio holdings. The managers explain why each investment is held and provide clients with regular information on what's happening with their investment. Showing what a fund manager does and how they assess stocks and markets helps to build investor confidence in financial markets. This level of insight and transparency, provided via updates and fund blogs, is highly valued by clients.

Performance

The fund has delivered strong returns for clients relative to the sector. The fund was launched at the start of a market phase that has favoured growth over equity income. Income and value, with the reduction of dividends, were significant losers from the COVID-19 market correction, however more recently we have seen a pick-up in the rating of value stocks and we believe the fund can achieve its growth objective over the full market cycle. Past performance is not a guide to the future.

Cost of the Funds

The 0.60% charges incurred by the fund, includes all ongoing charges and expenses. The costs of 3rd party research have always been borne by the Fund Managers. Any other additional costs are reimbursed by the manager.

Economies of scale

The fund has not yet achieved significant economies of scale that can benefit investors. As the fund continues to grow, we will consider how best to pass on benefits to investors.

Comparable Market rates

The HL Select UK Income Shares fund is very competitively priced with an OCF lower than the sector median by 0.29%.

Comparable services

HL does not offer a comparable service within other mandates or institutional funds.

Classes of units

This fund is only available in one class of unit.

PERFORMANCE TABLE

	30/09/2015	30/09/2016	30/09/2017	30/09/2018	30/09/2019
	30/09/2016	30/09/2017	30/09/2018	30/09/2019	30/09/2020
HL Select UK Income Shares	N/A	N/A	2.21%	4.06%	-11.39%
IA UK Equity Income	N/A	N/A	3.54%	-0.37%	-17.28%

Past performance isn't a guide to the future. Source: Lipper IM 30/09/2015 to 30/09/2020.

N/A = performance for this time period is not available.

All data correct to 30 September 2020. Source for performance figures Lipper IM. Source of fees figures HL, Lipper and Northern Trust, Source for Survey claims are Boring Money Report dated November 2020 and HL Consumer Service Survey dated Q2 2020

