Interim Management Statement
Hargreaves Lansdown Plc

Hargreaves Lansdown Plc ('the Group') publishes today its Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency rules. This statement covers the period from 1 January 2013 to 15 April 2013, and includes trading results for the three and nine months ended 31 March 2013.

Highlights

- Record level of Assets under Administration ("AUA"), increasing by £4.7 billion in the three months to 31 March 2013 to £35.1 billion.
- Record quarterly net inflows of £1.80 billion in the three months to 31 March 2013 (2012: £1.00 billion).
- Cumulative net inflows of £3.44 billion in the nine months to 31 March 2013 (2012: £2.17 billion).
- Year-to-date revenue up by 24% to £216.6 million.
- Net new active Vantage clients up 30,000 in the quarter (2012: 17,500)

Commenting on the Interim Management Statement, Ian Gorham, Chief Executive, said:

We are pleased to report net inflows of £1.8 billion, a record for any quarter in Hargreaves Lansdown's history. Net inflows for the year to date, at £3.44 billion, are up 59% on the comparative nine month period. Assets Under Administration now stand at £35.1 billion, (31 March 2012: £26.0 billion), up 35%. Active Vantage clients now number 476,000 (2012: 413,500), a rise of 30,000 in the quarter (2012: 17,500), a 71% improvement.

Our first class service; investment in the business; introduction of a SIPP loyalty bonus; improved investor confidence; increased marketing activity; and the attraction of equity investment in a low interest rate environment have all contributed to our continued growth.

The Retail Distribution Review ("RDR1") introduced on 31 December 2012 dictated companies must transfer client assets in stock. Clients can now more easily consolidate their assets onto the Vantage platform. Attracted by unrivalled functionality, service and great value they have increasingly taken that opportunity. Hargreaves Lansdown has always offered transfers in stock; therefore the effect has been very positive.

It is too early to fully quantify the potential effects of reduced access to financial advice for the UK public as a result of RDR1. Accelerated client growth and increased volumes of business transfers to us since 1 January 2013, together with data analysis of client behaviour, support our view that self-directed investing through Hargreaves Lansdown is increasingly recognised as a sensible and good value imperative.

All areas of the business have performed strongly. Highlights include a 127% rise in net inflows to our discretionary Portfolio Management Service (PMS) year to date, and we have seen continued acquisition of new clients and assets through our Corporate Vantage division. Share dealing volumes were 1.35 million, a rise of 19% on the comparative quarter last year. Our investment in digital media and marketing also continues to be beneficial, with organic (unpaid) search traffic to the website up 30% on the same quarter last year. There were 13.6 million visits to our website hl.co.uk, up 53% on the same quarter last year.

We are also pleased with a 23% increase in revenue for the quarter to £76.3 million (3 months to 31 March 2012: £62.1 million). Growth in assets will bring additional revenue. However, some caution is warranted. Whilst markets remain buoyant, underlying themes such as Eurozone debt issues, economic woes and instability in certain regions of the globe remain. A substantial negative event resulting in a sharp downturn in stock markets would affect revenues in the short term. Interest rates remain depressed across the savings and investment industry. As noted in our Interim Results statement, this aids our company by encouraging equity investment, as retail investors face persistently poor returns on cash. However, as our fixed term deposits mature, the lower interest rates have a negative effect on our interest income. Whilst strong asset and associated revenue growth continues, 2014 revenue growth will also be subject to some drag from reduced interest income if low interest rates persist.

We still await publication of the Financial Conduct Authority's "RDR2" paper. We are not anticipating any surprises. After assimilating the forthcoming paper we will run a process to obtain the best possible prices for our clients on suppliers' funds before offering commission-free funds on our Vantage platform. Therefore in due course Hargreaves Lansdown will substitute fees to replace commission on funds. We have conducted extensive modelling of our potential fee structure and we feel it will be both competitive and excellent value. Subsequent to the transition we see the long term opportunity as positive.

Hargreaves Lansdown continues to lobby for better outcomes for the retail investing public. This has included championing the transfer of Child Trust Funds to Junior ISAs, on which the government has now announced they will consult. We also seek more portability for client investments across the wider industry. This includes maximum timescales for firms to execute transfers of assets and cash, the extension of mandatory offering of transfers in stock, and the capping of exit charges at reasonable levels. We support the Investment Management Association (IMA)'s recent campaign for reforming and simplifying fund charging. Hargreaves Lansdown's extensive investment supermarket offers access to a wide range of investments but funds remain an excellent choice for many investors, including those investing for the first time. Investments which are simple and above reproach will attract more people to buy them. HMRC's recent "discount" tax should also be challenged. The public have a right to discounts without fear of taxation.

In summary, the Hargreaves Lansdown story has continued with increasing pace. We are delighted with our quarter's results and have some wonderful new developments in the pipeline for our clients. As ever, we thank our clients and staff for their loyalty and support, and we look forward to the future with enthusiasm.

Assets Under Administration (AUA)

Total assets under administration can be broken down as follows:

	31 Mar 13 £'billion	31 Dec 12 £'billion	30 June 12 £'billion	31 Mar 12 £'billion
Vantage Assets Under Administration (AUA)	**33.0**	**28.5**	**24.6**	**24.4**
Assets Under Administration and Management (AUM)				
Portfolio Management Services (PMS)	2.1	1.8	1.6	1.6
Multi-Manager Funds held outside of PMS	1.1	0.9	0.8	0.8
AUM Total	**3.2**	**2.8**	**2.4**	**2.4**
Less: Multi-manager funds (AUM) included in Vantage AUA	(1.1)	(0.9)	(0.8)	(0.8)
Total Assets Under Administration	**35.1**	**30.4**	**26.3**	**26.0**

The value of assets held within the Vantage service, the Group's direct-to-private investor platform, increased by 16% from £28.5 billion at 31 December 2012 to £33.0 billion at 31 March 2013. During the same period, the UK stock market rose by 9.3%. The increase can be attributed to £1.72 billion net new business inflows and a £2.73 billion positive impact of the market and other growth factors during the period. During the nine months to 31 March 2013, net business inflows to Vantage totalled £3.26 billion compared with £2.09 billion during the nine months to 31 March 2012.

The third quarter leading up to the tax year-end on 5 April is the most important in the financial year from the perspective of gathering assets. In the full tax year ended 5 April 2013, new ISA contributions were £1.38 billion compared with £1.08 billion for the tax year ended 5 April 2012. The Group also continued to attract transfers of assets into its Vantage ISA service. Investments into the Vantage Self Invested Personal Pensions (SIPPs) including transferred business, new contributions and basic rate tax relief were £2.21 billion in the tax year ended 5 April 2013, compared with £1.71 billion in the previous tax year. There have been further inflows outside tax shelters, namely into the Vantage Fund and Share account.

The number of active Vantage clients increased by a record 30,000 over the third quarter, from 446,000 as at 31 December 2012 to 476,000 as at 31 March 2013. The number of active accounts held by these clients increased from 653,000 to 693,000 and included an increase of 9,000 SIPP accounts and 22,000 ISA accounts, taking the totals to 146,000 and 370,000 respectively.

The value of assets held in Hargreaves Lansdown's Portfolio Management Service (PMS) and range of multi-manager funds, increased by 14% from £2.8 billion as at 31 December 2012 to £3.2 billion as at 31 March 2013. This figure includes £1.1 billion (31 December 2012: £0.9 billion) of Hargreaves Lansdown multi-manager funds administered through Vantage.

Operating revenue

Operating revenue by division	Third Quarter of Year Ending 30 June 2013 £'million	Third Quarter of Year Ending 30 June 2012 £'million	Increase	9 Months Ended 31 March 2013 £'million	9 Months Ended 31 March 2012 £'million	Increase
Vantage	60.2	48.9	23%	170.1	135.9	25%
Discretionary	8.8	6.9	28%	24.2	20.1	20%
Third Party & Other	7.3	6.3	16%	22.3	19.0	17%
Total	**76.3**	**62.1**	**23%**	**216.6**	**175.0**	**24%**

Note: In addition to the above operating revenue, the Group received £2.1 million of interest on its own cash in the nine month period ended 31 March 2013 compared with £1.5 million for the same period in the previous year.

Operating revenue for the third quarter is 23% higher than the corresponding quarter last year. Operating revenue for the nine months to 31 March 2013 is £216.6 million, 24% higher than the same period last year (31 March 2012: £175.0 million). During the nine months ended 31 March 2013, 81% of Group operating revenues were recurring in nature: being renewal income, management fees or interest (year ended 30 June 2012: 81%). Higher asset values and new business inflows have been the key drivers to the increase in revenue.

Financial position

On 11 April 2013 the Group paid an interim dividend totalling £29.5m, as announced in February in the Interim Report. The Group's operations remain highly cash generative. The Group has remained free from debt and maintained a strong cash and balance sheet position, with a high surplus of regulatory capital.

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Forward looking statements

This announcement contains forward-looking statements with respect to the financial condition, results and business of the Group. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. The Group's actual results may differ materially from the results expressed or implied in these forward-looking statements. Nothing in this announcement should be construed as a profit forecast. This announcement is unaudited. This statement should not be seen as a promotion or solicitation to buy Hargreaves Lansdown Plc shares. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.