

HL SELECT EXECUTION QUALITY REPORT 2019¹

HARGREAVES
LANSDOWN

HOW DO WE MANAGE ORDERS TO BUY OR SELL SHARES AND ETFs WITHIN THE HL SELECT FUNDS?

The funds are large, pooling the resources of many investors and often place substantial orders when the fund managers decide to buy or sell holdings. We always try to get the best outcome from our trades and before dealing we take into account a range of factors, including the nature of the security to be traded, the size of the trade, the speed and certainty offered by the different trading options available and any special factors that might apply. The most important factor will normally be the price that can be achieved.

We take into account the objectives and investment policies of the funds when weighing all of these factors and carefully consider which trading venues will be most likely to get the best result for each trade. We consider the liquidity of the security and seek to avoid unnecessarily causing price impact through our actions.

HOW HAS OUR EXECUTION PERFORMANCE BEEN OVER THE LAST YEAR?

We monitor the Select Funds' execution results versus the FCA's preferred benchmark. In aggregate our trading during 2019 delivered an improvement in the funds' favour versus Arrival Price

of over £300,000. If any individual trade is struck at a price that misses the benchmark by more than 1%, we review it, independently of the fund management and dealing team. During 2019, 97.9% of executions were at or better than this benchmark. Following review, we are satisfied in all cases where a trade missed the Arrival Price by more than 1%, that the shortfall was acceptable, given prevailing market conditions at the time.

HOW INDEPENDENT IS HLFM WHEN IT TRADES EQUITIES AND ETFs?

HLFM has no close links, conflicts of interests or common ownerships with any parties that it used for executing the funds' orders during 2019. Nor did we make or receive any payments, discounts, rebates or non-monetary benefits to or from any of these parties. The funds do incur stock-broking commissions when they trade. None of these commissions were paid to any member of the Hargreaves Lansdown group. We negotiate commission rates with individual brokerage firms and we regard the rates agreed as commercially sensitive. All agreements have been struck at levels below 0.10% of the value of shares traded. You can find details of the top 5 brokers that we used during the period in our RTS 28 regulatory report, found within the Key Features and Documents section.

HOW DO WE MONITOR OUR BEST EXECUTION PERFORMANCE?

We take the need for best execution on behalf of our clients' funds very seriously and during the year we used both our own proprietary systems and external monitoring and analytical tools. We also review our brokers' RTS 27 reporting when considering the quality of execution services they have provided us with.

¹The HL Select funds are managed by HL Fund Managers Limited, One College Square South, Anchor Road, Bristol, BS1 5HL, authorised and regulated by the Financial Conduct Authority. FCA Register number 166016. [see registration details](#). Registered in England and Wales. Registration number: 06205108

