

# CONVERSIONS DURING YOUR TRANSFER

## WHAT YOU NEED TO KNOW

When you transfer investments to HL, we will make sure you are invested in the lowest cost versions we offer of any funds you have transferred. Here we set out how a fund conversion works and the important information you need to know before transferring to HL.

### What is a fund conversion?

A fund conversion is the process of changing your fund holding to the lowest cost unit class that we offer without having to buy and sell.

- There is no charge for this service, no tax liability and you will remain invested throughout the conversion process.
- The conversion usually takes 2 – 5 working days but it can take longer as we are reliant on the fund manager confirming the details of your conversion. During this time you won't be able to trade on these units, we'll let you know once it completes.
- Your new units usually will have a different price to your existing one so you'll hold a different number of units after the conversion has completed. The value of your holding will remain the same, subject to market movements. This means the value of your fund could go up or down during the conversion.
- A conversion is just a change in the type of fund units, so apart from the unit price, number of units and the fund charges, the objectives of the fund will stay the same.
- It may not always be in your interests to convert, please check you won't lose any benefits by converting your holdings.

### Conversions – the different stages

Identifying a conversion – When we identify that we offer a lower cost unit type to the fund you hold with your current provider, we'll firstly make sure we can hold your existing fund on our platform (some funds are exclusive to certain platform providers).

- If we can the fund will be transferred to your HL account in preparation for converting to the lower cost version
- If we can't it will be converted by your current provider to a 'common' unit class and then transferred to HL in preparation for converting to the lower cost version

Converting your fund – Once we receive your existing fund (or the 'common' unit class) we'll submit a conversion instruction within 1-2 working days to the fund group. Once the instruction is submitted you can't trade on the fund until the conversion is complete. This is usually 2-5 working days but can take longer.

Your new units – Once the fund group have converted your fund to the lower cost units you'll be able to see them in your account and are free to trade if you wish.

### How will I know what the new charges will be on my converted funds?

You can compare the charges of both types of units (the 'common' unit class mentioned above, where applicable, and the new units we're transferring you to) on the fund factsheets using our **fund finder tool**.

### If I convert, will the value of my holding change?

The conversion itself will not affect the value of your holding but you will remain fully invested throughout the conversion process so the value of your fund will be subject to market movements. You will not be able to sell or buy the units in the fund that's being converted until the conversion is complete. If you do not want us to convert you to the lower cost units then please **contact us**. It's important you do this immediately after submitting your transfer instruction, the quickest way to do this is to log into your account at **www.hl.co.uk** and send us a secure message directly from your account.

### If I convert, will the number of units I hold change?

The lower cost units will almost always have a different price to the units you held previously and therefore, the number of units you hold after the conversion will usually be different.

The value of your holding will remain the same, subject to market movements. This means the value of your fund could go up or down during the conversion.

### What if I trade on the fund before you submit the conversion instruction?

This will depend on when you trade. Once the fund has transferred to your account we will submit the conversion instruction within 1-2 working days. If you trade in this time and your trade is still pending when we submit the conversion instruction, we will cancel your trade and confirm this by secure message (by post if you're not set to paperless). Once the conversion completes, we'll let you know and you can then trade as you wish.

### Is there an alternative to converting?

If you didn't want to convert you could transfer as stock and then switch from one type of fund to another. When you switch through HL you place a single instruction and the sale will normally be placed by the end of the working day following receipt of your instruction and the purchase will normally be placed automatically by the end of the working day following that.

By switching rather than converting you may incur a bid/offer spread or dilution levy and, as you will hold cash while the switch takes place, you will not benefit from any growth in the market until your money is reinvested. If you switch outside an ISA or SIPP, there is also a risk that the switch could create a capital gains tax liability.