

FUND CONVERSION POLICY

This Fund Conversion Policy sets out the terms and conditions that apply to conversions between different unit/share classes of the same Fund held through the HL Service. Conversions will either take place if we carry out a bulk conversion for you and other clients of ours, or in connection with transfers to or from the HL Service as set out in A35 and A36. We reserve the right to amend and update this policy and the process of converting Funds at our discretion. Conversion is only available into Unit classes available for the HL Service.

11 – GENERAL

We are the registered holder of our clients' Units in different Funds held within the HL Service and can instruct the authorised fund manager to effect a conversion of Units into a different class in a specific Fund. You agree that we may instruct an authorised fund manager to effect a conversion of Units without your specific request where we, in good faith, consider the Unit conversion appropriate or necessary and in the best interests of our clients. Taking steps to effect a conversion of your Units as set out in this Section 11 does not constitute investment advice or discretionary management by us.

When we request a conversion between Units of the same Fund held through the HL Service we pass this instruction to the appropriate fund group who will convert one type of Unit to another. There are no dealing costs and you remain fully invested at all times. The conversion of Units will not create a capital gains tax liability.

Once the instruction to convert has been submitted to the relevant fund group you will not be able to trade in that Fund until the conversion is completed, which could be a significant period of time. The timescale for completion will depend on each fund group's procedures and we will not be liable for any loss caused by any delay caused by the fund group.

We will convert your Units to the lowest cost unbundled Unit available via the HL Service at the time of conversion, except where you are transferring out and your new provider requires us to convert to a particular Unit in order to effect the transfer. The lowest cost Unit is determined at our sole discretion. The Unit class to which you convert may not be accepted by other service providers, which may impact the transfer process if you were to transfer to them (see section A36 for further details).

After a conversion, any Loyalty Bonus earned on the new Units must be reinvested back into funds. We cannot pay these as cash or use them to cover fees on your Account. Loyalty Bonuses are calculated according to the value of the relevant investment at the end of each month. This means that in the month your conversion takes place, the Loyalty Bonus you receive may relate only to the unbundled units you have converted into (and not the inclusive units previously held). This may be the case regardless of how many days in the month you held the inclusive units for prior to converting. Please note that the Loyalty Bonuses paid on unbundled Funds may be less than that received on the inclusive

units you convert from. Please see subsection A3 of our Terms and Conditions for more information.

Once a conversion is complete you will receive confirmation via our secure messaging centre if you use our Paperless Service or by letter if you do not. Postal confirmations will be sent on a weekly basis so there may be a short delay between your conversion completing and your confirmation being sent. Clients registered for our Paperless Service will receive electronic confirmations, which will normally be issued daily.

12 – INCOME REINVESTMENT FOLLOWING A CONVERSION

Where you have requested income reinvestment, any and all income or tax credits ("Credits") received from the old Units will not be automatically reinvested, instead they will be moved to your capital account and held as cash pending your further instructions. Any Credits earned on the new Units will be automatically reinvested unless and until you change your income instruction.

13 – OTHER TRANSACTIONS FOLLOWING A CONVERSION

We will update the following investment instructions automatically at the point we pass your instructions to the fund group. All investment following a conversion instruction in a Fund will be made into unbundled Units:

- Regular savings
- Phasing instructions
- Investment instructions for SIPP tax relief
- SIPP Lifestyling
- Regular payments paid over by your employer to any HL Workplace Account
- Investment instructions following a cash transfer.

14 – ADDITIONAL TERMS FOR BULK CONVERSIONS INITIATED BY US

Before we instruct a bulk conversion affecting your holding of Units in a Fund, we will notify you by your specified communication preference at least 30 days in advance of the conversion taking place. We'll tell you more about the process and timing for each conversion at the time. Where we effect a bulk conversion, the Unit class previously held will no longer be available for investment through the HL Service.