

HARGREAVES
LANSDOWN

HL FUND MANAGERS VALUE ASSESSMENT

September 2023 to September 2024



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Important information

This document is not personal advice nor a recommendation to buy, sell, or hold any of the investments mentioned. All investments can fall as well as rise in value so you could get back less than you put in. The HL Funds, meaning those managed by Hargreaves Lansdown Fund Managers Ltd, are for investors who prefer to make their own investment decisions without personal advice, or investors who have received financial advice. The choice of underlying investments within the funds does not take your personal circumstances into consideration.

Past performance is not a guide to future returns.

Tax rules can change, and any benefits depend on individual circumstances.

Source for performance and charges data is Lipper IM. Performance data has been calculated on a NAV basis with any income reinvested as at the 30 September 2024 unless otherwise stated.

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INTRODUCTION

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INTRODUCTION FROM OUR CHAIRMAN



JOHN MISSELBROOK
Chairman

Thank you for reading our 2024 Value Assessment Report which provides you with our assessment of the value being delivered by the range of HL Funds.

Our methodology for the assessment of value is consistent with 2023 and aims to evaluate the overall value delivered by our funds over the recommended investment horizon.

In 2024, 17 of the 19 funds representing over 92 percent of our assets under management have delivered value, of which 5 percent require further focus. The two red-rated funds, which were also not delivering value in 2023 have been the subject of individual action plans over the last year, including fund restructuring, portfolio repositioning or price adjustment. We are seeing positive improvements to these funds, but as the incremental changes require some time to impact the longer-term performance, we do not yet consider the improvement is sufficient to be assessed as delivering value.

The changes to our fund range and the way we manage your money that were outlined in last year's report have largely taken place. What has not changed is that our funds form a key part of the HL investment proposition and that our foremost priority is to put our clients first and at the heart of everything we do. Our aim continues to be to make it easy for people to save and invest for a better future.

In 2024, we extended our HL Ready-Made range to include four passive mixed-asset options aligned to different risk levels. The funds alongside our active HL Managed and Income ranges now make investing increasingly accessible for all clients. Supporting these are a range of Building Block funds which are used by our risk-managed multi-asset funds and are also available directly to more active investors. Since the end of September, we have extended our range of Building Block funds with the launch of our Global Equity Income fund. Our fund range now comprises 24 funds of which 19 have been assessed for value in this report whilst the remaining five will be assessed in next year's report once they have a full year performance track record.

Throughout 2024, the initiatives we introduced over the past two years to strengthen our investment team and refine our investment process have contributed to improved performance. We have also continued to make greater use of segregated investment mandates with third-party managers in our solutions rather than investing in their funds. This approach provides greater control over fund management, improved liquidity, and more competitive pricing. All these changes are improving the consistency and repeatability of competitive investment performance in the way we manage our funds.



Our aim continues to be to make it easy for people to save and invest for a better future.

In 2024, we reviewed our fund objectives and benchmarks to ensure clarity of what our funds are aiming to deliver and how we measure performance. We also made several price reductions where these are appropriate to the complexity of the investment proposition.

Looking forward, the increasing volatility in geopolitics and its impact on the global economies creates a challenging world for managers to deliver consistent and repeatable investment performance but we continue to focus on what we can do better to deliver value to our investors over the long term.

WHAT ASPECTS DO WE CONSIDER WHEN ASSESSING VALUE?

Our regulator, the Financial Conduct Authority (FCA) places a requirement on Authorised Fund Managers (AFM's), such as ourselves, Hargreaves Lansdown Fund Managers Ltd. (HLFM), to carry out an annual value assessment offered by our funds to investors.

So that AFM's deliver a broad assessment, the FCA has specified seven criteria, or pillars, that should be used, and we carry out our review of each fund against these factors. We give a summary of our overall findings, along with a detailed analysis of how each of our funds performed under each pillar.

We use a traffic light system so you can quickly identify against each fund where we've assessed that value is being delivered and where improvements can be made.



VALUE ASSESSMENT SUMMARY OF FINDINGS

Fund	Overall Fund Rating	Service Quality	Performance	AFM Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Share Classes
Funds with over 1 year track record								
HL Adventurous Managed	●	●	●	●	●	●	●	●
HL Moderately Adventurous Managed	●	●	●	●	●	●	●	●
HL Balanced Managed	●	●	●	●	●	●	●	●
HL Cautious Managed	●	●	●	●	●	●	●	●
HL Income	●	●	●	●	●	●	●	●
HL Global Corporate Bond	●	●	●	●	●	●	●	●
HL Select Global Growth	●	●	●	●	●	●	●	●
HL Select UK Growth	●	●	●	●	●	●	●	●
HL Growth Fund	●	●	●	●	●	●	●	●
HL MM Balanced Managed	●	●	●	●	●	●	●	●
HL US	●	●	●	●	●	●	●	●
HL MM Special Situations	●	●	●	●	●	●	●	●
HL UK Income	●	●	●	●	●	●	●	●
HL High Income	●	●	●	●	●	●	●	●
HL MM European	●	●	●	●	●	●	●	●
HL Select UK Income	●	●	●	●	●	●	●	●
HL MM UK Growth	●	●	●	●	●	●	●	●
HL Emerging Markets	●	●	●	●	●	●	●	●
HL Global Bond	●	●	●	●	●	●	●	●
Funds with less than 1 year track record								
HL Multi-Index Adventurous	●	●	●	●	●	●	●	●
HL Multi-Index Moderately Adventurous	●	●	●	●	●	●	●	●
HL Multi-Index Balanced	●	●	●	●	●	●	●	●
HL Multi-Index Cautious	●	●	●	●	●	●	●	●
HL Global Equity Income Fund	●	●	●	●	●	●	●	●

Please note that our overall value assessment is performed on Funds that have been in existence for over one year.

- **Represents overall value** – value is delivered to our clients under this pillar or overall.
- **Represents value but requires additional focus** – whilst the fund broadly provides value, some areas require additional focus to deliver value under this pillar, or overall.
- **Poor value** – action must be taken to deliver value under this pillar, or overall.
- **Unrated fund** – the fund requires a minimum 1 year track record to be rated in the AOV.

CHIEF INVESTMENT OFFICER REPORT



TOBY VAUGHAN
Chief Investment Officer

Progress over the past year

Following a period of developments across our proposition and investment processes, the focus over the past year has been on continual improvement in both, as well as the delivery of results in the form of performance. The trends have been positive with the majority of the multi-manager funds improving their performance and outperforming comparators over the past year. This has been driven by a number of factors, including our global approach across the multi-asset range, improved performance in our single asset Building Blocks, and more effective management of risk and style biases. Consistency of performance trends across the multi-manager ranges have also improved following the development of enhanced processes underpinning all key areas of the portfolio strategy – be that asset allocation, manager & stock selection, and risk management.



The trends have been positive with the majority of the multi-manager funds improving their performance and outperforming comparators over the past year.

From a proposition perspective we remained proactive – including the broadening of the multi-asset ('Ready-Made') range through the completion of the launch of our passive based Multi-Index range. We also continued to transition more of our HL Fund exposure to be based on tailored mandates rather than funds, and recently launched a new Global Equity Income Building Block fund.

Activity since the last Value Assessment

We have a culture of continuous improvement across the fund management teams and as a result of the development of more formal AOV frameworks and monitoring, a series of actions have taken place over the past year. For all funds with either an amber or red performance rating we have formal plans and tracking in place. These have involved a number of initiatives at the portfolio strategy, investment process, and product level.

Some of the highlights include the continued transitioning of multi-manager exposure to a more segregated mandate approach to improve risk management and control, access new managers, and lower overall costs to the client. This supports improved risk management, but to supplement this we have increased the use of passive vehicles in certain areas to improve the management of factor and style risk. The combination of the mandate progression and passive exposure has helped lower Ongoing Charge Fees (OCFs) across the range. There has also been a focus on improving risk management and portfolio construction across our direct equity range, whilst retaining the high conviction strategy.

In addition to process and strategy change, there has been broader product level work, with particular attention on our red rated funds. Product objectives have been reviewed across the range, and in the case of the red rated funds one of the funds has been developed into a more focused Emerging Markets Fund following the approval of investors at an EGM to make changes to the fund as it was previously constructed as an Asia & Emerging Market fund. We have reduced the price across both red rated strategies. We are closely monitoring performance trends across all strategies, together with formal monitoring of clear signs of performance stabilisation and improvement. Given the improved performance trends mentioned above, the results across the range are encouraging. We continue to develop the AOV process, supported by the strengthened oversight framework we have put in place at both the committee and HLFM Board level.

Market Backdrop and Outlook

Looking back, 2024 was a 'risk-on' year with equity markets rallying and credit spreads narrowing. The role of government bonds were returned both through diversifying returns and providing diversification when other asset classes were selling off in the summer. Macro trends were clearly more robust in the US vs both the rest of the developed Western world as well as China, but globally policy makers and markets took relief from moderating inflation and interest rate policy beginning to turn (albeit slowly). Escalating conflicts across the Middle East and Russia / Ukraine left devastating human and humanitarian impacts, but markets were surprisingly resilient. The biggest political 'event' of the year was the re-election of a highly empowered Trump and the Republican party. This drove an additional impulse for market leadership of US equities, with the performance of the 'Mag 7' continuing to dominate.

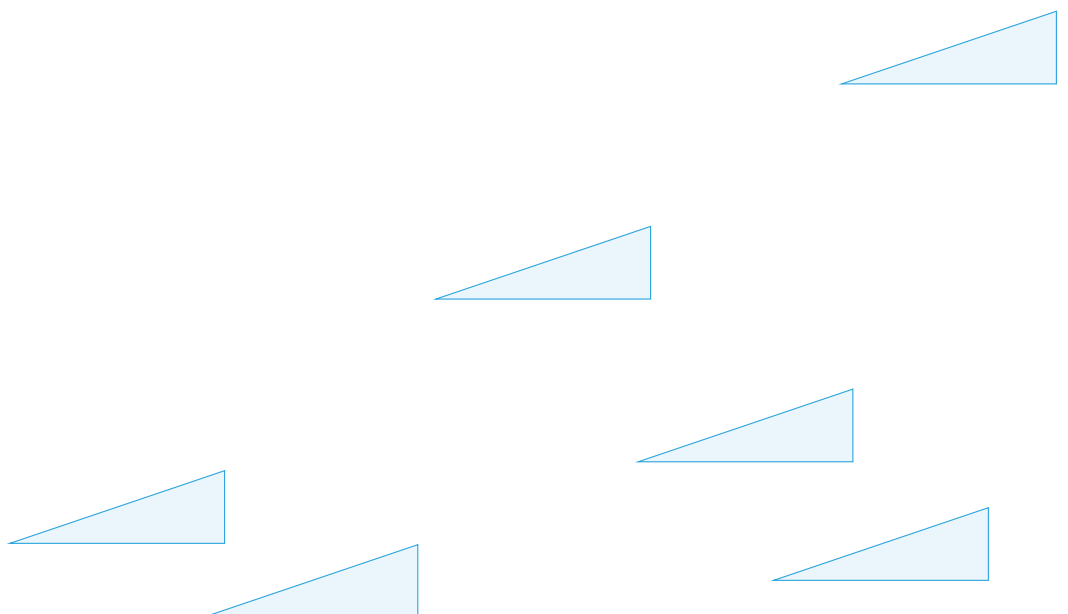
Looking ahead, consideration of the longer term structural impact is always important and with the degree of transitioning underway is more important than ever. Economic models are changing, disruption driven by technology is accelerating, global relationships are reforming, and all this affects how we invest. Politics and the government sector have a material role to play in the challenges we face structurally. Imbalances are clearly more evident in the government sector finances, and with increasing deficits and public sector debt, these limit both growth potential and the markets tolerance for inflation (a likely source of future volatility). The ongoing debate around passive versus active investing continues, and the reality is that the performance of the Mag 7 is likely to be a key driver here – given how concentrated the US market is. We now provide both active and index-based solutions following the developments in our fund range.

Looking into 2025, more clarity on the policies, implementation, and international stance of the new US administration will be a key influencer of market behaviour in the first half of next year. A key area to monitor will be the bond markets and whether growing deficits in the short-term spill over to rising bond yields and falling equity markets. This risk is real, but given some of the structural opportunities detailed above, and undeniable impulse to US growth from Trump's intended tax cuts, it should not dissuade us from taking risk. Certain areas are likely to be more sensitive given their stretched valuations (US equities, Mag 7, corporate bond spreads), but whilst drawdowns in the short term may be material, they are underpinned by attractive fundamentals.

There will be short term gyrations in markets ahead (likely driven either by geo-political factors or the perception of bubbles unwinding), but as ever, the key will be to maintain the long-term focus during such times, remain composed, and above all diversified.

Wishing you the best for the year ahead

Toby



DEVELOPING THE HL INVESTMENT SOLUTIONS

Our vision is to make investing with HL simple, offering a focused range of in-house investments aligned to client needs alongside the wider universe of investing options available to the UK investor. We aim to add value through our investment solutions whether you're new to investing or are looking to add to a mature portfolio.

Ready-Made

Since our last AOV report, we have extended our HL Ready-Made range to include four passive mixed-asset options aligned to different levels of risk. These are our HL Multi-Index funds which benefit from our core investment approach to asset allocation and are actively managed by our portfolio managers, whilst offering investors a lower-cost alternative through the use of index based products such as exchange traded funds (ETFs). The funds, alongside our active risk managed fund ranges (both growth and income), with these three ranges designed to make investing increasingly accessible for all clients.

Key attributes of the multi-asset ('Ready-Made') offering:

- **Created by experts** – selecting the best investments to achieve objectives
- **Choice of funds** – looking for growth or income, low risk or adventurous, there's something for you
- **No hassle** – our portfolio managers will rebalance the fund regularly to keep you on track
- **Great value** – no dealing charges to buy a fund, start from £25pm or £100 one-off
- **Fully flexible** – goals changed? No problem. Switch between the range for free

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

20 YEARS

Building Block

We've also built-out our HL Building Blocks range, supplemented by the recent launch of the HL Global Equity Income Fund. These funds enable clients to build and manage more bespoke portfolios to meet their objectives, and are utilised within our Ready-Made portfolios. The launch complements the range of single asset Building Block funds we have developed over recent years across both equity and bond markets.

This approach to using segregated mandates for our Building Block funds has been designed to improve client outcomes, whilst bringing a number of benefits for investors which include:

- **Control** – as we dictate and drive the oversight and risk management of the mandate – finding the very best managers to appoint to meet our overall design needs
- **Protection** – the assets are exclusively managed for us, rather than part of a wider 3rd-party fund
- **Scale & Value** – the funds are used within our risk managed ranges as well as externally, which drives scale to further reduce costs and deliver improved value to clients

To support this evolution, we've further invested in our business by making key hires in fund management and analysis, integrating advanced risk-management systems and enhancing our investment processes to enable the management of a broader range of funds and segregated accounts.

We are pleased to see that these enhancements are already yielding positive results, setting the stage for superior long-term performance and client outcomes.

THE SEVEN PILLARS FOR ASSESSING VALUE

In this section, we explain the seven pillars of assessing value as required by the Financial Conduct Authority (FCA). Through these pillars, we detail how we assessed our funds down to the conclusions which determine the RAG status applied. Further information on funds assessed can be found in their individual fund reports.

11 **Quality of Service**

Does the range, features and quality of services provided to investors in our funds provide value?

13 **Performance**

Did your fund perform in line with its investment objectives?

15 **AFM – Costs**

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

17 **Comparable Market Rates**

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

18 **Comparable Services**

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

19 **Economies of Scale**

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

20 **Classes of Units**

Does your fund have cheaper share classes available?

QUALITY OF SERVICE

Does the range, features and quality of services provided to investors in our funds provide value?

How we assessed it

The Quality of Service pillar and assessment is a fundamental part of the process and our offering to clients. In our assessment, we analysed the service from a variety of different perspectives that are detailed below.

Product range, features and accessibility

We offer a diverse range of products / solutions geared towards helping clients at different levels of experience and financial freedom achieve their goals for growth or income at competitive prices. These are through Ready-Made investments, Building Blocks or equity solutions. Additionally, under the multi-manager banner, we launched the HL Growth Fund, designed for workplace defined contribution pension schemes. Our products are available through a range of accounts on the Hargreaves Lansdown investment platform. Our proposition is constantly under review and development to ensure we are able to provide adequate solutions at great value for our clients and empower them to save and invest with confidence.

We also make our complete fund range available to invest into with a minimum lump sum requirement of just £100, or where clients are looking to invest regularly, from just £25 per month. Additionally, for those clients who are looking to take income from their investments, HLFM facilitates monthly, smoothed income across five funds in our range that have specific income objectives. Whilst the level of income is not guaranteed, this is a service that we know clients appreciate.

Communication

Investors in the HL multi-manager funds are kept informed with regular updates on how the funds are performing. These updates are currently 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. Any investor in the HL multi-manager or HL Select funds also have access to the HL Helpdesk 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.

Service Level

As the majority of service interactions for our funds comes via the HL Platform, we are keen to understand the feedback that is provided and the challenges that investors in the funds face in carrying out transactions, or finding information. In the period under review, from the 1.8 million+ clients on the HL Platform, we were able to identify 10 complaints relating to HLFM, none of which were upheld. At a more granular level, Northern Trust, a multi-faceted global financial services provider with c. \$14.2tn in assets under custody, as part of their Asset Servicing business are engaged to provide a number of services to the funds inclusive of, independent daily pricing of the funds, custody of the fund assets and processing of client trade orders. During the period evaluated, Northern Trust delivered successfully to our service level agreement.

Engagement

The primary purpose of our stewardship and engagement activity is to preserve and enhance shareholder value. Engagement provides us with the opportunity to improve our understanding of the risks and opportunities that are material to the companies and funds in which our clients invest.

To ensure our engagement is effective, we define specific engagement objectives informed by our data and supported by the ESG Analysis team. We track progress against these engagement objectives over time, focusing our resources on areas where we think we can have a positive impact, our chances of success are higher, and on the topics that align with our investors' interests.

If fund managers and/or companies fail to respond positively to our engagement, we will seek additional meetings and join collaborative engagement schemes where appropriate. Should this escalation fail to invoke meaningful change within a set time period, we may consider divestment across our HL Ready-Made and HL Building Block ranges and a review of the investment thesis for the HL Select funds.

Voting

Within our HL Select funds, we always seek to vote at meetings of the companies we invest in unless we're in the process of selling the position and will do so in a way that's aligned with investors' best interests. While we make our own decisions on how to vote, we take advice from governance specialists Institutional Shareholder Services (ISS) about the issues underpinning individual votes.

Within the HL Ready-Made and HL Building Block Fund ranges, where we don't invest directly in companies we delegate voting responsibility to the underlying fund managers. We maintain oversight of the voting activities carried out via quarterly voting reports and monitor a range of key statistics relating to the underlying managers' voting activities.

Where the voting activity is not aligned with our expectations, we engage with managers to better understand their approach.

What we concluded

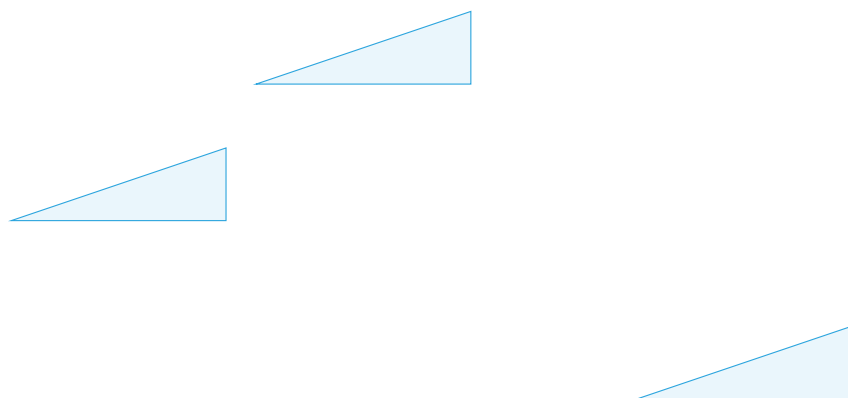
We have concluded, based on the analysis of the quality of services, that we are providing overall value to investors on all our funds under this pillar.

What we will be doing to improve our quality of service

We are continuing to develop and launch a range of solutions to aid our clients in managing their investment journeys catered to a range of interests spanning from risk rated, low cost, growth and income solutions. Separately, we continue to assess and implement changes to our existing range of funds to ensure they are competitive and deliver value. All these actions are subject to receiving any required regulatory approval.

There have also been improvements to the user experience and journey in the HL platform app and website, including plans to improve and diversify communication with our (HLFM) clients through blogs, webinars, articles and videos for our dedicated pages. This would help to keep our clients informed about our funds and activities beyond launches and marketing campaigns and also create an easier web journey when navigating to appropriate investment solutions.

New launches will be supported by dedicated marketing & communications campaigns and a newly designed portal for clients to get the information they require to help make informed decisions regarding their investment choices. HLFM continues to focus on client engagement and communication for improvements and enhancements. Whilst the vast majority of clients will look to find information via the HL Platform, we also recognise that some investors also value the availability of downloadable fund factsheets. In an effort to improve the experience of those clients, a project is currently underway to deliver this information more frequently.



PERFORMANCE

Did your fund perform in line with its investment objectives?

How we assessed it

We assessed the performance of the funds against the objectives, policy and strategy 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 any advice fee or platform charges).

We evaluated performance both quantitatively, i.e., what the numbers tell us (absolutely and relatively), as well as qualitatively, in four ways:

- Firstly, we measured how each fund performed in comparison to its stated comparator benchmark(s) and any target benchmark, over its most recent recommended minimum holding period, typically 5 years or since inception if fund had existed for between 1 to 5 years. Funds with income objectives were additionally evaluated against income orientated comparator benchmarks.
- We then measured how each fund had performed over rolling periods of 5 years, against the same benchmarks. This allowed us to identify the consistency of our performance since launch against the benchmarks used.
- To supplement our longer term relative performance measures, we evaluated whether each fund achieved its absolute objective, for example delivering capital growth over its most recent recommended minimum holding period of 5 years or since inception if fund had existed for between 1 to 5 years.
- Finally, we analysed the relative 12-month performance of the funds from 1st October 2023, in order to measure the most recent period of performance as well as the success of any improvements we committed to put in place in last year's Value Assessment.

The use of both a qualitative and quantitative assessment process allows us to see a much wider picture than may be provided by a performance table. By understanding whether any over, or under, performance was solely driven by market conditions, or perhaps changes to the way in which the funds were being managed in order to deliver their objectives.

How did we compare

We added a number of new funds into the performance assessment this year given that they have over 1 years track record. These included the four risk managed 'Ready-Made' funds (HL Managed), as well as a couple of the more recently launched 'Building Block' funds (HL US and HL Global Corporate Bond). We will add more funds in next year as they pass the one year mark.

The general trends across the ranges were an improvement in shorter term performance trends that are beginning to have a more material impact into the longer term track records – particularly for the multi-manager fund ranges. In the short term, over two thirds of funds were outperforming comparators on a one year basis. For funds that have been launched within the five year period the general trend has been strong, with some exceptions, and for multi-manager funds with much longer track records the trend is on improving performance outcomes, but

more to be done for a number of funds to show clear demonstrable overall value. From an absolute performance perspective all funds were delivering positive capital growth over 5 years (or less if recently launched).

In addition to pure performance delivery for the income ranges we also take into account the delivery of income vs objectives and peer comparisons. The income delivery has been in line with objectives across the range, and whilst most of the ranges have also delivered improved performance this wasn't the case for the Select Income Fund, which is why it received a poorer rating. The Select direct equity funds tend to be more volatile, but like all of our multi-manager products when there is a rating of amber or worse this leads to more formalised action plans, development and oversight.

More details are covered in the individual fund reports at the end of the document to show performance trends, as well as actions and enhancements underway to specific funds and investment strategies.

What we concluded and future focus

The high level conclusions regarding performance across the ranges was that whilst we continue to have a few funds not delivering sufficient value from a performance perspective, there were significantly more funds delivering value this year compared to the past couple of years. This was driven predominantly by the improved performance of our multi-asset fund ranges, the multi-manager team, and the good start for more recently launched funds.

There were four (of the 19) funds assessed as not delivering value from a performance perspective and two of these have also been rated red at the overall fund level. All of these funds (including funds rated as amber) have formalised action plans regarding improvements required at the investment process and strategy level, and these are underway, with a number of the funds already delivering improved

outcomes over the shorter term. The approach to improve the longer term performance has been around enhancing our capabilities through the investment in people and systems detailed above, enhancing our processes and amending strategy where appropriate, and evolving how we access markets (moving more to the mandate based approach) to improve outcomes. For some of the more material underperformers and red rated funds, some of the action has been more material at the product level – incorporating product level change (including price reductions) to supplement process, personnel and strategy development.

All funds with amber performance ratings or worse are closely monitored within the enhanced Assessment of Value governance framework. Our investment into capabilities was driven to improve performance outcomes, and with this investment our enhanced

approach to asset allocation, manager selection, and risk management are designed to deliver value. We continue to focus at the product level as well as investment strategy level when more material action is required to ensure delivering value to our clients.



AFM – COSTS

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

Fund	Total OCF % vs (2023 figure)	Basis point reduction over five years	Charge (£) p/a on £1,000 investment
HL MM Special Situations	1.09 (1.16)	-38	£10.90
HL UK Income	1.08 (1.09)	-18	£10.80
HL Income	0.92 (1.15)	-43	£9.20
HL MM Balanced Managed	1.06 (1.11)	-37	£10.60
HL Select UK Growth	0.60 (0.60)	n/a	£6.00
HL Select UK Income	0.60 (0.60)	n/a	£6.00
HL Select Global Growth	0.60 (0.60)	n/a	£6.00
HL Growth	0.10 (0.10)	n/a	£1.00
HL High Income	1.11 (1.15)	-16	£11.10
HL MM UK Growth	1.15 (1.26)	-20	£11.50
HL MM European	1.28 (1.34)	-19	£12.80
HL Emerging Markets	1.32 (1.43)	-27	£13.20
HL Global Bond	0.89 (0.95)	-39	£8.90
HL Cautious Managed	0.78 (0.96)	-65	£7.80
HL Balanced Managed	0.83 (0.95)	n/a	£8.30
HL Moderately Adventurous Managed	0.88 (0.99)	n/a	£8.80
HL Adventurous Managed	0.90 (1.01)	n/a	£9.00
HL US	0.74 (0.75)	n/a	£7.40
HL Global Corporate Bond	0.62 (0.62)	n/a	£6.20
HL Multi Index Cautious	0.30 (n/a)	n/a	£3.00
HL Multi Index Balanced	0.30 (n/a)	n/a	£3.00
HL Multi Index Moderately Adventurous	0.30 (n/a)	n/a	£3.00
HL Multi Index Adventurous	0.30 (n/a)	n/a	£3.00

Source: Northern Trust and HL, ex-post OCFs as of 30/09/2024 versus 2023 ex-post OCF numbers.

The Ongoing Charges Figure (OCF) is the charge you will pay over a year as long as you hold your investment.

How we assessed it

We used a number of metrics to understand and assess our costs applied to our funds. In justifying the numbers, we considered all costs including third-party costs such as manager, middle office, back office and the underlying manager costs. In addition to this we also assess the costs in the context of the complexity of the investment strategy.

In addition to the metrics above, we also compare our funds and underlying manager funds (in the multi-manager range) to their industry counterparts. It is important to us that all our costs are fully understood to ensure that our funds bear only the charges that they are due and nothing more. So, for example, where one of our multi-manager strategies invests into another HL fund, this will use our Z share class which has zero HL Management fees

and only covers the underlying costs of the fund. This provides clients of the fund with the benefit of the components of the fund and avoids double charging of our HL management fees. We regularly review the charges of our third party managers and with scale, we will endeavour to negotiate more favourable fees for our clients.

Multi-manager costs are typically 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.

For the Select Range, ongoing charges have been fixed at 0.6%. Any additional costs will be met by the Fund Manager. This fixed charges figure does however exclude the costs of buying or selling assets for the fund.

Other expenses

The other expenses incurred by the HL multi-manager funds are charged separately to the expenses on underlying funds and the Annual Management Charge (AMC) of the fund. These costs are typically fixed, and any reduction in these costs are reflected in what is charged to the funds (and are therefore passed on to investors in a reduced OCF). The other expenses within the HL Select funds & HL Growth Fund are incorporated into the OCF.

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

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

What we concluded

We have concluded, based on the analysis of AFM costs, that all funds are delivering overall value in this pillar and are rated green. On review of our entire range of funds, we are pleased to confirm that in line with industry trends, we are on average, seeing a decline in our OCFs charged to clients over time. This is driven by lowering our cost of accessing markets through leveraging our scale more, using more mandates for exposure and blending active and passive vehicles where appropriate. In addition to this though, there were a few funds where reductions to AMCs have also been a key driver.

The work undertaken within the AFM costs pillar is consistent with some of the analysis in the comparable rates pillar where we are able to overlay our analysis with the context of clear comparisons of the overall OCFs within the industry.

We will continue to look for opportunities to reduce our costs and expenses for our funds and ensure the benefits achieved are passed through to clients.

What we can do better

We will continue to review all costs allocated to the funds to ensure they remain fair and reasonable. We will also continue to search for opportunities to reduce our costs by continuing our rollout of segregated mandates and continuing to ensure that the benefits of our increasing scale are reflected in the price we pay for underlying investment management.



COMPARABLE MARKET RATES

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

How we assessed it

We assessed whether the fees for all of the fund ranges are reasonable compared to their peers using an average of four comparisons in the market. We compared the OCF, which provides a complete picture of costs a fund incurs. The OCF does not include any performance fees, but no HLFM fund applies this charge.

We specifically incorporate comparisons against share classes available through third party platforms, as well as against similar strategies. This means there are up to four comparators making up our composite benchmark for OCFs. This methodology means that we have created a composite score for comparable rates, which is typically more challenging than a comparison to IA Sector peers.

For the 2024 report, using data provided by Lipper IM, an external data provider, we have created IA Sector peer groups for the funds. For the multi-manager range, we have compared the funds against all of the actively managed primary funds for sale in the UK, within the IA sector in which they sit. For the HL Select range we additionally excluded the typically higher charging multi-manager funds, while for the HL Growth Fund we compared to both active and passive funds.

What we concluded

We have concluded based on the analysis of comparable market rates that all of our funds are delivering value under this pillar. Four of these funds are rated amber, requiring ongoing monitoring and delivery from a performance perspective. The trend from a cost perspective for all the funds is improving with the reduction in OCFs seen, however we will continue to monitor that the performance trends are improving to justify the fees.

What we can do better

We will continue to monitor the adequacy of our fee structure throughout our product range and maintain our objective of reducing fees for clients moving forward. As mentioned above, the trend in OCFs is declining across the ranges, and there are specific funds where we have also reduced the AMC over the past couple of years. Further to cuts on specific products across the range over the past three years, the funds where we have reduced the AMC price over the last 18 months include the HL MM European, HL Emerging Markets, HL MM UK Growth, HL Income and the HL Global Bond Funds.





COMPARABLE SERVICES

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

How we assessed it

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

What we concluded

We have concluded, based on analysis of our comparable services, that all funds offer overall value under this pillar. 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 MM 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'. In addition, the HL Growth Fund has a specific objective of delivering its return over 10 years, for the accumulation stage of pension saving, and therefore does not share a similar objective to any other fund within our range. On this basis, we believe we are providing value to investors, as each of our funds is distinctly different to the other funds that we offer.

What we can 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 or funds to non-retail clients in the future, we will consider how this impacts our offering and the broader requirements for delivery.

ECONOMIES OF SCALE

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

How we assessed it

We have focused on three questions in the assessment of Economies of Scale:

- do the fee rates from our funds' significant service providers reduce as AUM increases?
- do the third party investment managers fee rates reduce as AUM increases? and
- do we have AMC tiering in place as our funds reach scale?

We regularly review and negotiate with fund groups on the charges they apply to their funds and the service providers who will charge our HL Funds. Where significant service provider fees are not fixed rates, all funds have tiered fees negotiated that reduce as AUM increases, directly impacting the OCF of our funds. Where fees covered by 'other expenses' are fixed, as our funds increase in size, these fees become a smaller proportion of the fund and will reduce the OCF. Both fixed and non-fixed service provider fees are regularly reviewed to ensure they are competitive.

External funds are accessed via institutional share class or units, which may not be available to retail investors and with increasing scale, we look to ensure the charges of the underlying third-party funds, are, and remain, competitive. Many of our HL multi-manager funds have also reached such a size that they make use of segregated mandates where our fund managers believe opportunities for better performance potential and lower costs exist. We negotiate with the managers we appoint to agree reducing fee rates as the AUM under management increases, which will in turn benefit the OCF of our funds as they grow. This type of service cannot typically be accessed until significant scale is achieved. 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.

The AMC on all funds that have achieved scale are also tiered to further reduce the OCF. Where funds have been priced for scale at their launch but have not yet achieved that, further work is underway so appropriate tiering is introduced at suitable points to ensure the funds economies of scale are realised through further reductions to the OCF.

What we concluded

We have concluded, based on the analysis of our economies of scale, that overall value is being delivered to investors on all funds under this pillar. We have excluded funds with less than a one year track record in this analysis. We continue to use our relationships to leverage and reduce the charges on underlying funds where possible, implement segregated mandates and lower our administration and other costs. These savings are passed onto HL multi-manager fund clients via a reduction in the OCF.

The following funds (HL MM Special Situations, HL MM Balanced Managed, HL MM Asia and Emerging Markets (now HL Emerging Markets), HL High Income, HL MM European, HL MM Strategic Bond (now HL Global Bond Fund), HL UK Income, HL MM UK Growth and HL Income) have a tiered charging structure that reduces HLFM's AMC as the size of each fund increases which sees the AMC remain in place for the first £1 billion of assets but falling by 6.66% – 7.4% for each £1 billion in assets up to a maximum fall in AMC of 23% on assets over £3 billion in any one fund. An example for the HL UK Income Fund is provided below.

What we can do better

We will continue to seek opportunities to reduce all our fund charges as our funds continue to build further scale and as we adapt our fund range. We are actively looking to introduce AMC tiering on the lower cost fund ranges that are yet to reach scale to ensure economies of scale can be readily realised through reductions in the OCF as scale is reached. We will continue to negotiate on the charges of underlying fund managers and will add additional segregated mandates where we find the opportunity to do so.

HL UK Income Fund tiering

Assets	Fee on each tier
Up to £1 billion	0.65%
£1 billion to £2 billion	0.60%
£2 billion to £3 billion	0.55%
£3 billion+	0.50%

As the funds continue to grow, we will consider how best we can pass on any further realised benefits to investors.

CLASSES OF UNITS

Does your fund have cheaper share classes available?

How we assessed it

We compared the OCF of the classes of units for each of our funds that are available to investors and whether investors hold the most appropriate unit classes.

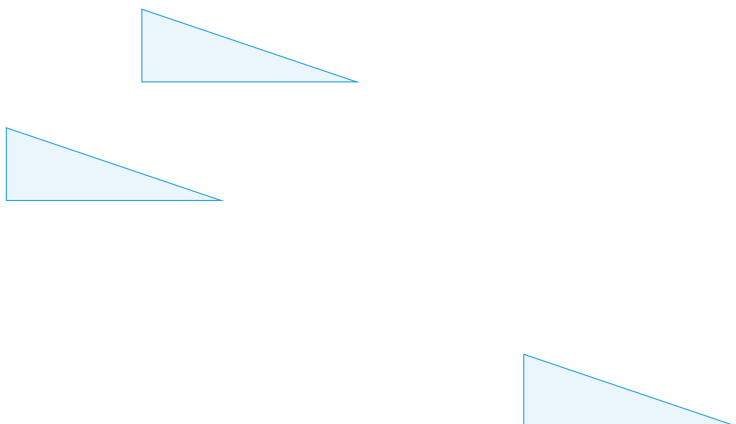
What we concluded

We have concluded, based on our analysis of unit classes, that all funds offer overall value to investors. Where we offer multiple share classes for a fund, either for Income or Accumulation units, or for classes set up for operational reasons, the charging structure is identical.

At times, our fund managers may invest in our Building Block Funds. Internally, we use a "Z" share class for these funds which carry zero fund management fees. This share class is provided for use by our fund managers to ensure clients are not double charged for exposures through the Building Block Funds.

What we can 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



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HL ADVENTUROUS MANAGED

We have concluded that, based on the areas assessed, the HL Adventurous Managed fund represents overall value to its investors.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to maximise total returns for a specified level of risk ranging between 90% and 110% of the forecasted long-term volatility of global equities as represented by the MSCI All Countries World Index (GBP Total Return, Net) over rolling 5-year periods. The Fund's volatility is assessed using forecasted volatility figures at least monthly.

Over the 12 months to 30th September 2024, the fund achieved a total return of 16.6% after fees, outperforming the IA Global peer group average of 16.4%. The main contributor to performance has been the allocation to US stocks which registered a strong return driven by technology stocks followed by emerging markets stocks. While the period since the fund's launch is still shorter than the recommended time horizon, the performance since inception is positive with the fund delivering a good return within the expected volatility range.

During the year, we have been proactive in managing the fund's asset allocation and holdings. The allocation to US equities constitutes the main regional exposure within the fund with approximately 60%. We believe the US market currently offers attractive growth potential unlike other regions. The economic environment continues to be supportive for consumer spending and companies' earnings.

During the year we exploited some tactical opportunities that contributed positively to performance, by having a tilt towards Chinese equities in Q2 2024 and to UK mid and small companies in H2 2024.

We also revisited the blend of managers that we hold mainly within Japan, Asia and Emerging Markets, replacing volatile, index agnostic managers with funds that manage their risk exposure proactively resulting in a more balanced and sustainable performance in these regions moving forward. We also exited 2 exposures within Global and UK equities following a change in the investment team which reduced our conviction in the funds. We are committed to keeping exposure with managers in whom we have strong conviction to deliver on the funds' objectives.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	Since Inception ending Sept 24 (Annualised)
HL Adventurous Managed fund	N/A	N/A	N/A	N/A	16.6	11.2
IA Global NR	7.4	23.8	-8.9	7.5	16.4	9.3

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL BALANCED MANAGED

We have concluded that, based on the areas assessed, the HL Balanced Managed fund represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to maximise total returns for a specified level of risk ranging between 50% and 70% of the forecasted long-term volatility of global equities as represented by the MSCI All Countries World Index (GBP Total Return, Net) over rolling 5-year periods. The Fund's volatility is assessed using forecasted volatility figures at least monthly.

Over the 12 months to 30th September 2024, the fund achieved a total return of 14.1% after fees, outperforming the IA Mixed Investment 20-60% Shares average of 12.2%. The main contributor to performance has been the allocation to US stocks which registered a strong return driven by technology stocks followed by emerging markets stocks. While the period since the fund's launch is still shorter than the recommended time horizon, the performance since inception is strong with the fund delivering a good return within the expected volatility range.

During the year, we have been proactive in managing the fund's asset allocation and holdings. The allocation to US equities constitutes the main regional exposure within the fund with approximately 30%. We believe the US market currently offers attractive growth potential unlike other regions. The economic environment continues to be supportive for consumer spending and companies' earnings. The fund has also around 25% exposure to global corporate bonds. This asset class offers an attractive prospective return as corporate balance sheets are in good shape within the investment grade sector.

During the year we exploited some tactical opportunities that contributed positively to performance, by having a tilt towards Chinese equities in Q2 2024 and to UK mid and small companies in H2 2024.

We also revisited the blend of managers that we hold mainly within Asia and Emerging Markets, replacing volatile, index agnostic managers with funds that manage their risk exposure proactively resulting in a more balanced and sustainable performance in these regions moving forward. We also exited a UK equity fund following a change in the investment team which reduced our conviction in the strategy.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

Finally, we introduced an active fund within the global government bonds allocation. The manager has a strong track record in delivering consistent outperformance against the passive alternative. We are committed to keeping exposure with managers in whom we have strong conviction to deliver on the funds' objectives.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	Since Inception ending Sept 24 (Annualised)
HL Balanced Managed fund	N/A	N/A	N/A	N/A	14.1	8.8
IA Mixed Investment 20-60% Shares NR	-1.5	12.8	-10.9	4.3	12.2	6.4

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested

HL CAUTIOUS MANAGED

We have concluded that, based on the areas assessed, the HL Cautious Managed fund represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to maximise total returns for a specified level of risk ranging between 30% and 50% of the forecasted long-term volatility of global equities as represented by the MSCI All Countries World Index (GBP Total Return, Net) over rolling 5-year periods. The Fund's volatility is assessed using forecasted volatility figures at least monthly.

Over the 12 months to 30th September 2024, the fund achieved a total return of 12% after fees, outperforming the IA Mixed Investment 0-35% Shares average of 10.7%. The main contributor to performance has been the allocation to US stocks which registered a strong return driven by technology stocks followed by emerging markets stocks. While the period since the fund's restructuring is still shorter than the recommended time horizon, the performance over the last 18 months is strong with the fund delivering a good return within the expected volatility range.

During the year, we have been proactive in managing the fund's asset allocation and holdings. The allocation to US equities constitutes the main regional equity exposure within the fund with approximately 15%. We believe the US market currently offers attractive growth potential unlike other regions. The economic environment continues to be supportive for consumer spending and companies' earnings. The fund has also around 33% exposure to global government bonds and a 27% to global corporate bonds. The asset class offers an attractive prospective return as corporate balance sheets are in good shape within the investment grade sector.

During the year we exploited some tactical opportunities that contributed positively to performance, by having a tilt towards Chinese equities in Q2 2024 and to UK mid and small companies in H2 2024.

We also revisited the blend of managers that we hold mainly within Asia and Emerging Markets, replacing volatile, index agnostic managers with funds that manage their risk exposure proactively resulting in a more balanced and sustainable performance in these regions moving forward. We also exited a UK equity fund following a change in the investment team which reduced our conviction in the strategy.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

Finally, we introduced an active fund within the global government bonds allocation. The manager has a strong track record in delivering consistent outperformance against the passive alternative. We are committed to keeping exposure with managers in whom we have strong conviction to deliver on the funds' objectives.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Cautious Managed fund	-1.3	9.2	-4.7	0.9	12.0	3.0
IA Mixed Investment 0-35% Shares NR	0.1	6.2	-12.2	2.7	10.7	1.2

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL Cautious Managed fund was previously called the HL Multi-Manager Strategic Assets fund. The Fund changed name, Investment Objective, Investment Policy and comparator benchmark and adopted a new comparator benchmark of the IA Mixed Investment 0-35% Shares on 20 March 2023 following an Extraordinary Meeting of investors on 3 March 2023.

HL EMERGING MARKETS

We have concluded that, based on the areas assessed, the HL Emerging Markets Fund is delivering poor value and an action plan has been put in place to improve outcomes.

Over the past year, progress has been made with a couple of our pillar ratings improving. In addition to the changes outlined in the Strategy and Action section below, AFM Costs and Comparable Market Rates moved from amber to green following declines in the OCF (11bps), some of which contains AMC reductions.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Market Rates, Comparable Services and Classes of Units are delivering good value.

Where we delivered poor value

We believe that poor value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have a red for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

The Fund underwent a complete assessment following last year's results leading to a reduction in fees and a focus on performance outcomes as per changes made to our investment process. The fund was also repositioned towards a more disciplined approach with a focus on Emerging

Markets rather than Asia & Emerging Markets following approval in the EGM in October that was accompanied by another reduction in the fund's fees.

The short-term impact of changes has yielded positive results as we are now seeing a stabilisation in the performance numbers, though not enough to move to the amber tier.

The Fund aims to grow your investment in excess of the total return of the MSCI Emerging Market NR GBP Index, over any 5-year period. Returns are measured after the deduction of the Fund's charges.

Last year to end of September 2024, performance was strong in absolute terms delivering 13.0%. Strong stock selection from our value equity managers was offset by weak stock selection from our quality growth equity managers. We believe that stock prices follow company earnings, and therefore as fundamentals reassert themselves in markets, our managers will again outperform for the benefit of our fund. In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has included improvement in how we access markets, enhanced focus on manager selection, together with more explicit management of portfolio risks and styles. This has led to a number of changes in positioning over the past couple of years.

Overall rating (Poor value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

As noted in last year's Value Assessment, we continue to make changes to the fund that we believe will deliver an improvement in investor outcomes over the longer term. In 2024, we further concentrated the number of managers within the fund, removing three managers, and adding one. As of 30 September 2024, we had six managers within HL Emerging Markets fund, down from eight a year ago.

Furthermore, recognising the potential negative risks of running significant country, style, or capitalisation biases, we have actively been reweighting the managers' allocations within the fund to create a more core proposition that should be able to outperform across different market conditions. Additionally, we have used passive country equity ETFs to avoid undesired country biases, initially in China and Australia in December 2023, and then in India and Taiwan in March 2024.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Emerging Markets	0.8	15.8	-10.5	-5.3	13.0	2.3
IA Asia Pacific (Excluding Japan) NR	7.6	15.2	-9.7	0.5	14.8	5.2
IA Global Emerging Markets NR	2.1	18.8	-14.2	3.0	12.8	3.8

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL GLOBAL BOND

We have concluded that, based on the areas assessed, the HL Global Bond Fund is delivering poor value and an action plan has been put in place to improve outcomes.

In addition to the progress outlined below in the Strategy and Action section, since the evaluation of Comparable Market Rates, we have reduced the AMC by 10% (building on reductions in OCF that we have already seen).

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Comparable Market Rates.

Where we delivered poor value

We believe that poor value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have a red for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

Over the past couple of years, the fund strategy has been enhanced and transitioned on a number of different levels. This has included a

more disciplined approach to asset allocation, a more global positioning as well as changes to manager selection. As part of the reduction of OCFs that has been achieved, we have also recently reduced the fee by 10% as detailed above.

The Fund aims to provide income and the potential for capital growth over any 5-year period.

In the 12 months to 30th September 2024, the fund slightly lagged its comparator returning 11.7% versus 12.4%. While manager selection contributed positively, the global allocation was a headwind against a peer group with a predominantly biased towards UK bonds. While there has been a stabilisation in performance over the last 6 to 12 months, the long-term performance profile has been mixed.

In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has led to a number of changes in positioning over the past couple of years. Diversifying the regional exposure is a key improvement, enhancing the portfolio and opening the universe to a bigger pool of active managers. We reduced the allocation to total return funds and added several global managers with clear track record in delivering outperformance.

Overall rating (Poor value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

in specific markets. Our enhanced top-down process has allowed us to implement a couple of tactical trades to capture market opportunities and contribute positively to performance.

We currently believe this fund has not delivered value to investors through performance. The changes detailed above have been made to enhance future performance outcomes.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Multi-Manager Strategic Bond Trust A Acc	3.6	3.6	-16.1	4.5	11.7	1.0
IA Sterling Strategic Bond NR	3.2	4.8	-15.6	5.0	12.4	1.5

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL GLOBAL CORPORATE BOND

We have concluded that, based on the areas assessed, the HL Global Corporate Bond fund represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to grow your investment in excess of the total return of the ICE BofA Global Corporate Index TR (GBP hedged) over rolling 5-year periods. The Fund's return aim is measured after the deduction of Fund charges.

The HL Global Corporate Bond delivered a positive total return of 13.4% over the year to 30th September 2024. This was ahead of its benchmark, ICE BofA Global Corporate Bond GBP-Hedged, which returned 12.5%. This fund launched in July 2023, so it does not have a 5-year track record. A bias to European corporate bonds and bond issues by banks and financial companies was positive over the course of the year. Some exposure to government bonds held back performance a little towards the end of the period as yields rose.

We remain comfortable with the performance of our underlying managers and no significant changes were made during the year.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	Since Inception ending Sept 24 (Annualised)
HL Global Corporate Bond fund	N/A	N/A	N/A	N/A	13.4	8.9
ICE BofA Global Corporate TR GBPH	4.9	1.6	-17.4	3.6	12.5	8.5

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL GROWTH FUND

We have concluded that, based on the areas assessed, the HL Growth Fund represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Quality of service

The ACD has delegated investment management to Legal & General Investment Management Limited. Regular monitoring of our own operational performance is undertaken, including the level and type of customer complaints, breaches & errors, as well as on the quality of services provided by the Investment Adviser, and other delegated external service providers. This ongoing monitoring confirms high standards are being maintained. We believe that the quality of services received by investors in this fund is delivering value.

Performance

The Fund aims to grow your investment over any 10-year period. The Fund also aims to maintain a level of risk ranging between 80% and 90% of the global stock market's volatility, as represented by the MSCI All Countries World Index (GBP Total Return, Net). The Fund's volatility is assessed at least monthly on a forward-looking basis.

Over the last twelve months, the fund's performance was up by 18.2% outperforming its comparator by 4.4%. The main contributor to performance was the diversified allocation with an equity exposure slightly above 80% and an allocation to global equities and fixed income. The fund has significant exposure to the US market, which contributed positively while its allocation to global small caps was a detractor as large caps outperformed over the period driven by the US mega-cap stocks. The fund has delivered a strong performance since launch in December 2021 ranking in the top quartile of its peer group.

We repositioned the long term allocation in April with a marginal increase in UK and small cap equities. This reflects the updated markets expectations for the asset classes within the fund.

AFM costs

The ongoing charges (OCF) have been fixed at 0.1%. Any additional costs will be met by the Fund Manager. This fixed charges figure does however exclude the costs of buying or selling assets for the fund. We believe the costs of the fund are appropriate and feel that value is being delivered.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

Economies of scale

The HL Growth Fund was priced at launch as though it had already achieved scale.

Comparable market rates

The fund's OCF was found to be priced below that of its peers. We believe that the fund is priced competitively and is offering value.

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 unit class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	Since Inception ending Sept 24 (Annualised)
HL Growth Class A Accumulation Shares	N/A	N/A	N/A	7.0	18.2	4.1
IA Mixed Investment 40-85% Shares NR	-0.4	17.1	-10.2	5.2	13.8	2.0

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

The HL Growth Fund launched on 15th December 2021

HL HIGH INCOME

We have concluded that, based on the areas assessed, the HL High Income Fund represents overall value.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Market Rates, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have an amber for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

The Fund aims to deliver a high and sustainable income from a portfolio of equity and fixed income assets for investors that wish to receive an immediate income stream. We regard, as high income, providing an annual income that is greater than 75% of funds in the Investment Association Mixed Investment 20-60% Shares sector.

For the last 12 months, we delivered an income distribution of 3.864p, which puts the fund in the second decile of income yielders in the peer group.

Performance over the past 12 months to end of September 2024 was strong in absolute and relative terms with the fund delivering 12.7%, putting it 0.5% ahead of the IA Mixed Investment 20-60% Shares peer group. Over the 5 year period, the fund has delivered a performance in-line with its comparator while producing a more attractive level of income.

In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has included more disciplined asset allocation, improvement in how we access markets, enhanced focus on manager selection, together with more explicit management of portfolio risks and styles. This has led to a number of changes in positioning over the past couple of years.

As noted in last year's Value Assessment, we continue to make changes to the fund to run a more core equity proposition by reducing country, style, and capitalisation biases, in the expectation that these changes will improve investor outcomes over the longer term. We are pleased therefore to see that performance has improved.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

In the past 12 months, we sold our non-UK equity regional managers and invested the proceeds in global equity income strategies. Additionally, we blended these active equity strategies with passive ETFs within UK, Global and Japan. These changes provided more diversification within our equity allocation, which should increase the sustainability of the fund's distribution and improve total return performance. Within our fixed income allocation, we moved away from multi-asset bond funds to single asset class bond managers. It is expected that these changes will improve the fund's distribution over time.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Multi-Manager High Income	-8.8	20.8	-11.3	4.2	12.7	2.8
IA Mixed Investment 20-60% Shares NR	-1.5	12.8	-10.9	4.3	12.2	3.0

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL INCOME

We have concluded that, based on the areas assessed, the HL Income fund represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to provide a monthly income, and capital returns consistent with a level of risk that ranges between 50% and 70% of the forecasted long-term volatility of global equities.

For the last 12 months we delivered an income distribution of 3.799p per share, which puts the fund in the top quartile of income yielders in Investment Association Mixed Investment 20-60% Shares sector. Additionally, the fund's level of risk has stayed within a narrow range of 50% to 60% of the forecasted long-term volatility of global equities as measured by MSCI ACWI.

Performance over the past 12 months was strong in absolute and relative terms with the fund delivering 14.0%, putting it 1.8% ahead of the IA Mixed Investment 20-60% Shares peer

group. As noted in last year's Value Assessment, we continue to make changes to the fund to run a more core equity proposition by reducing country, style, and capitalisation biases, in the expectation that these changes will improve investor outcomes over the longer term. Over the last 5 years, the fund has delivered a positive return and delivered a level of income in line with expectations.

In the past 12 months, we sold our non-UK equity regional managers and invested the proceeds in global equity income strategies. We also increased our allocation to passive in various regions. These changes provided more diversification within our equity allocation, which should increase the sustainability of the fund's distribution and improve total return performance.

Within our fixed income allocation, we moved away from multi-asset bond funds to single asset class bond managers. It is expected that these changes will improve the fund's distribution over time.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Income Fund	-7.9	16.6	-8.3	5.1	14.0	3.4
IA Mixed Investment 20-60% Shares NR	-1.5	12.8	-10.9	4.3	12.2	3.0

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL Income was previously called the HL Multi-Manager Equity & Bond Trust. The Fund changed name, Investment Objective, and Investment Policy on 22 January 2024 following an Extraordinary Meeting of investors on 9 January 2024.

HL MM BALANCED MANAGED

We have concluded that, based on the areas assessed, the HL MM Balanced Managed fund represents overall value to its investors.

Where we delivered good value

We believe that Quality of Services, Performance, AFM Costs, Economies of Scale, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Comparable Market Rates, and whilst above the industry average, the performance trends have been delivering value over recent years.

Strategy and Action

The Fund aims to grow the value of your investment over any 5-year period.

Over the 12 months to 30th September 2024, the fund achieved a total return of 14.7% after fees, outperforming the IA Mixed Investment 40-85% Shares average of 13.8%. The main contributor to performance has been the allocation to US stocks which registered a strong return driven

by technology stocks followed by emerging markets stocks. The fund has seen a noticeable improvement in performance over the last 2 years and is now outperforming its comparator over 5 years and since launch.

We have been proactive in managing the fund's asset allocation and holdings over the last 2 years. The allocation to US equities constitutes the main regional exposure within the fund with approximately 40%. We believe the US market currently offers attractive growth potential unlike other regions. The economic environment continues to be supportive for consumer spending and companies' earnings.

During the year we exploited some tactical opportunities that contributed positively to performance, by having a tilt towards Chinese equities in Q2 2024 and to UK mid and small companies in H2 2024.

We also revisited the blend of managers that we hold mainly within Japan, Asia and Emerging Markets, replacing volatile, index agnostic managers with funds that manage

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

their risk exposure proactively resulting in a more balanced and sustainable performance in these regions moving forward. We also exited a UK equity fund and a global bond fund following changes in the investment teams which reduced our conviction in the funds. We are committed to keeping exposure with managers in whom we have strong conviction to deliver on the funds' objectives.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Multi-Manager Balanced Managed Trust A Acc	-4.0	18.9	-11.3	7.7	14.7	4.6
IA Mixed Investment 40-85% Shares NR	-0.4	17.1	-10.2	5.2	13.8	4.6

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL MM EUROPEAN

We have concluded that, based on the areas assessed, the HL MM European Fund broadly provides some value, however it requires additional focus to improve the delivery of overall value.

Over the past year, progress has been made with a couple of our pillar ratings improving. AFM Costs moved to green and Comparable Market Rates moved from red to amber following declines in the OCF and AMC reduction.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Performance, and Comparable Market Rates. The fund had a fee reduction following the prior year's value assessment. Consistent with our AOV Governance Framework, when we have an amber for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

The Fund aims to grow your investment in excess of the total return of the MSCI Europe Ex UK NR GBP Index, over any 5-year period. Returns are measured after the deduction of the Fund's charges.

Over the last 12 months the fund finished a little ahead of its peers in the IA Europe ex UK sector and the main European index (MSCI Europe ex UK). This was despite a challenging backdrop with factors including the ongoing conflict in Ukraine and concerns over sluggish growth in Germany. There was relatively little difference over the year between the performance of companies of different sizes, or between companies characterised as either 'value' or 'growth.' While the recent performance has improved, performance over the last 5 years continues to be challenged by the tough market environment in 2022.

In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has included enhanced focus on manager selection, together with more explicit management of portfolio risks and styles. This has led to a number of changes in positioning over the past couple of years. Over that period, we improved the fund's positioning by reducing the style biases and increasing the stock selection risk as a proportion to active risk. We achieved through disciplined portfolio construction and risk management processes.

Overall rating (Some value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

During the last year, we added a new holding in a value ETF designed to provide exposure to the 'value' style, or the cheapest companies in Europe. The holding offers complementary exposure to other funds and adds balance to the overall portfolio.

Overall, we believe the HL MM European offers a balanced portfolio, via a mix of experienced active Fund Managers, alongside selective passive exposure. Our ongoing monitoring focuses on maintaining an appropriate blend of holdings, while always being on the lookout for ways to improve the portfolio.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Multi-Manager European A Acc	7.7	21.5	-20.1	14.1	14.7	6.5
IA Europe (Excluding UK) NR	3.5	22.4	-16.5	18.3	14.3	7.4
MSCI Europe ex UK NR	-0.5	20.9	-12.8	19.0	14.5	7.4

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL MM SPECIAL SITUATIONS

We have concluded that, based on the areas assessed, the HL MM Special Situations Fund represents overall value.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Market Rates, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have an amber for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

The Fund aims to grow the value of your investment over any 5-year period.

Over the 12 months to 30th September 2024, the fund achieved a total return of 16.7% after fees, outperforming the IA Global peer group average of 16.4%. The main contributor to performance has been the allocation to US stocks which registered a strong return driven by technology stocks followed by emerging markets stocks. While the performance since inception is strong, the outcome over

5 years was more challenging with the fund underperforming its comparator mainly in 2020 and 2022, as the fund had an underweight position to the US market due to valuation.

In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has included more disciplined asset allocation, improvement in how we access markets, enhanced focus on manager selection, together with more explicit management of portfolio risks and styles. This has led to several changes in positioning over the past couple of years.

The allocation to US equities currently constitutes the main regional exposure within the fund with approximately 60%. We believe the US market currently offers attractive growth potential unlike other regions. The economic environment continues to be supportive for consumer spending and companies' earnings. In addition, we improved the fund's positioning by reducing the style biases and increasing the stock selection risk as a proportion to active risk. We achieved through disciplined portfolio construction and risk management processes.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

During the year we exploited some tactical opportunities that contributed positively to performance, by having a tilt towards Chinese equities in Q2 2024 and to UK mid and small companies in H2 2024. We also revisited the blend of managers that we hold mainly within Japan, Asia and Emerging Markets, replacing volatile, index agnostic managers with funds that manage their risk exposure proactively resulting in a more balanced and sustainable performance in these regions moving forward. We also exited 2 exposures within Global and UK equities following a change in the investment team which reduced our conviction in the funds. We are committed to keeping exposure with managers in whom we have strong conviction to deliver on the funds' objectives.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Multi-Manager Special Situations Trust Acc	-1.2	24.3	-12.9	7.7	16.7	6.1
IA Global NR	7.4	23.8	-8.9	7.5	16.4	8.7

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL MM UK GROWTH

We concluded that, based on the areas assessed, the HL MM UK Growth Fund broadly provides some value, however it requires additional focus to improve the delivery of overall value.

Over the past year, progress has been made with improvement across the AFM Costs pillar. AFM Costs moved to green following declines in the OCF and AMC reduction.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Comparable Market Rates. The fund had a fee reduction following the prior year's value assessment.

Where we delivered poor value

We believe that poor value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have a red for performance, this triggers a more focused action plan to improve future outcomes. There have been some encouraging signs of a stabilisation of performance over the last couple of years.

Strategy and Action

The Fund aims to grow your investment in excess of the FTSE All-Share Total Return Index, over any 5-year period. Returns are measured after the deduction of the Fund's charges.

Over the past twelve months, UK All Companies, as a style, was a tailwind relative to the broad FTSE All-Share index as the sector tends to have greater exposure to small and medium-sized businesses than the broad index. The Fund, which is compared against the IA UK All Companies peer group, outperformed after the deduction of fees returning 14.4% in line with the IA UK All Companies peer group and ahead of the FTSE All-Share index. While the fund's performance improved over the last 12 months, its 5 years return has been challenged by a relatively poor stock selection by some managers and a positioning towards small caps that was a headwind to performance.

In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has included improvement in how we access markets via mandates, enhanced focus on manager selection, together with more

Overall rating (Some value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

explicit management of portfolio risks and styles. This has led to a number of changes in positioning over the past couple of years. As discussed in last year's report, the Fund has continued to moderate style exposures relative to its comparator over that period, enabling it to be less sensitive to style rotations. We improved the fund's positioning by increasing the stock selection risk as a proportion to active risk. We achieved through disciplined portfolio construction and risk management processes. Over the last 12 months, we exited a main strategy within the fund following the departure of the fund manager with proceeds shared across investments in the portfolio. We remain focused on an appropriate blend of managers to ensure the Fund meets its objective.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Multi-Manager UK Growth A Acc	-12.9	29.8	-17.4	12.6	14.4	3.8
IA UK All Companies NR	-13.1	32.5	-15.5	12.4	14.3	4.5
FTSE All-Share	-16.6	27.9	-4.0	13.8	13.4	5.7

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL MODERATELY ADVENTUROUS MANAGED

We have concluded that, based on the areas assessed, the HL Moderately Adventurous Managed fund represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to maximise total returns for a specified level of risk ranging between 70% and 90% of the forecasted long-term volatility of global equities as represented by the MSCI All Countries World Index (GBP Total Return, Net) over rolling 5-year periods. The Fund's volatility is assessed using forecasted volatility figures at least monthly.

Over the 12 months to 30th September 2024, the fund achieved a total return of 15.4% after fees, outperforming the IA Mixed Investment 40-85% Shares average of 13.8%. The main contributor to performance has been the allocation to US stocks which registered a strong return driven by technology stocks followed by emerging markets stocks. While the period since the fund's launch is still shorter than the recommended time horizon, the performance since inception is strong with the fund delivering a good return within the expected volatility range.

During the year, we have been proactive in managing the fund's asset allocation and holdings. The allocation to US equities constitutes the main regional exposure within the fund with approximately 45%. We believe the US market currently offers attractive growth potential unlike other regions. The economic environment continues to be supportive for consumer spending and companies' earnings.

During the year we exploited some tactical opportunities that contributed positively to performance, by having a tilt towards Chinese equities in Q2 2024 and to UK mid and small companies in H2 2024.

We also revisited the blend of managers that we hold mainly within Japan, Asia and Emerging Markets, replacing volatile, index agnostic managers with funds that manage their risk exposure proactively resulting in a more balanced and sustainable performance in these regions moving forward. We also exited a UK equity fund following a change in the investment team which reduced our conviction in the strategy. We are committed to keeping exposure with managers in whom we have strong conviction to deliver on the funds' objectives.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	Since Inception ending Sept 24 (Annualised)
HL Moderately Adventurous Managed fund	N/A	N/A	N/A	N/A	15.4	9.9
IA Mixed Investment 40-85% Shares NR	-0.4	17.1	-10.2	5.2	13.8	7.2

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL SELECT GLOBAL GROWTH SHARES

We concluded that, based on the areas assessed, HL Select Global Growth Shares represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund invests in companies around the world with the aim of growing the value of your investment over any 5-year period.

Over the 12 months to 30th September 2024 the fund achieved a total return of 15.8%. This lagged behind the funds IA sector peer comparators and the FTSE World total return index which returned 16.4% and 20.6% respectively.

Over the five year period to the same date, it delivered an average annualised return of 9.9%, positioning it solidly in the top half of competing funds within the IA Global Sector, but behind the index's return of 11.4%.

During the year our focus has been upon raising the level of diversification within the portfolio, increasing the number of holdings to 39 over the period, whilst also raising our exposure to the fast-growing semiconductor industry.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Select Global Growth A Acc	21.6	24.0	-16.9	10.7	15.8	9.9
FTSE World TR GBP	5.2	24.0	-3.0	12.2	20.6	11.3
IA Global NR	7.4	23.8	-8.9	7.5	16.4	8.7

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL SELECT UK GROWTH SHARES

We concluded that, based on the areas assessed, HL Select UK Growth Shares represents overall value.

Where we delivered good value

We believe that all the Pillars assessed are delivering good value.

Strategy and Action

The Fund aims to grow the value of your investment over any 5 year period.

The fund delivered an 11% return for the year ending 30 September 2024, with an average annualised return of 4.9% over the five-year period. While this reflects a 0.8% underperformance against its benchmark, the FTSE All Share Index, it demonstrates a modest annual outperformance of 0.4% compared to its peers in the IA UK All Companies sector.

During the year the managers focused upon raising the level of diversification within the portfolio, lifting the total number of positions held toward 40 individual names. New holdings included information technology provider Kainos and Games Workshop, a leading provider of fantasy adventure games.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Select UK Growth Shares A Acc	-0.7	20.1	-12.7	9.6	11.0	4.9
FTSE All-Share	-16.6	27.9	-4.0	13.8	13.4	5.7
IA UK All Companies NR	-13.1	32.5	-15.5	12.4	14.3	4.5

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Internal, Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL SELECT UK INCOME SHARES

We have concluded that, based on the areas assessed, the HL Select UK Income Shares broadly provides some value, however it requires additional focus as outlined below to improve the delivery of overall value.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Market Rates, Comparable Services and Classes of Units are delivering good value.

Where we delivered poor value

We believe that poor value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have a red for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

The Fund aims to:

1. Pay an income of at least 90% of that of the FTSE All Share Index over any single year and to generate at least 100% of the index income over any three year period.
2. Generate a greater total return than the average performance of funds in the IA UK Equity Income sector over any 5-year period, measured after the deduction of the Fund's charges.

Over the 12 months to 30th September 2024 the fund achieved a total return of 11.6% which lagged behind the 13.4% return of the FTSE All Share index and the 15.3% return of the IA UK Equity Income sector over the same period. Over the five year period the fund generated an average annualised return of 3.96% which compared to the returns of 5.7% and 5.5% generated by the index and IA sector over the same five year period.

Overall rating (Some value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

During the year, the managers worked to increase diversification within the fund via raising the numbers of companies held and raising our exposure to some faster-growing dividend paying companies such as Games Workshop, Kainos Group and Ryanair.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL Select UK Income Shares A Acc	-11.4	26.3	-8.6	6.3	11.6	4.0
FTSE All-Share	-16.6	27.9	-4.0	13.8	13.4	5.7
IA UK Equity Income NR	-17.3	32.7	-8.7	13.5	15.1	5.5

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Internal, Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL UK INCOME

We have concluded that, based on the areas assessed, the HL UK Income Fund represents overall value.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Market Rates, Comparable Services and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have an amber for performance, this triggers a more focused action plan to improve future outcomes.

Strategy and Action

The Fund aims to:

1. Distribute higher annual income than the FTSE All-Share Total Return Index.
2. Generate a greater total return than the FTSE All-Share Total Return Index over any 5-year period. Returns are measured after the deduction of the Fund's charges.

Over the past twelve months, UK Equity Income, as a style, was a tailwind relative to the broad FTSE All-Share index. The Fund is targeting the broad UK index which it outperformed after the deduction of fees. The Fund has continued to meet its income objective producing a yield of 3.90% over the last twelve months compared to the broad FTSE All-Share index yield of 3.62%. The fund has seen a good improvement over the last 18 months, having said that, the performance over the 5 year period has been challenged by a style that was out of favour and by disappointing stock selection by some managers.

In addition to the investment in resourcing and systems that we use within the multi-manager team, we have also significantly enhanced investment decision making processes on this fund. This has included improvement in how we access markets via mandates, enhanced focus on manager selection, together with more explicit management of portfolio risks and styles. This has led to a number of changes in positioning over the past couple of years.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

As discussed in last year's report, the Fund has continued to moderate style exposures relative to its target benchmark over the last two years, however given its income objective, it will typically have a bias to higher yielding companies within the UK. Over the last twelve months, we reallocated some of the managers due to change in the management team and increased the exposure to iShares Core FTSE 100 ETF, allowing exposure to the largest companies within the UK market via a cost-effective vehicle.

We remain focused on an appropriate blend of managers to ensure the Fund meets its dual objectives.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	5 Year ending Sept 24 (Annualised)
HL UK Income Class A Acc	-18.9	30.4	-10.0	13.8	15.0	4.5
FTSE All-Share	-16.6	27.9	-4.0	13.8	13.4	5.7
IA UK Equity Income NR	-17.3	32.7	-8.7	13.5	15.1	5.5

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

HL UK Income was previously called HL Multi-Manager Income & Growth Trust. The Fund changed name, Investment Objective, Investment Policy and adopted the Target Benchmark of FTSE All Share Total Return Index on 14 Nov 2022.

HL US

We have concluded that, based on the areas assessed, the HL US fund represents overall value to its investors.

Where we delivered good value

We believe that Quality of Services, AFM Costs, Economies of Scale, Comparable Services, Comparable Market Rates and Classes of Units are delivering good value.

Where we delivered some value

We believe that some value is being delivered under Performance. Consistent with our AOV Governance Framework, when we have an amber for performance, this triggers a more focused action plan to improve future outcomes. The short-term track record of the product, and the balance between risk and return are taken into consideration.

Strategy and Action

The Fund aims to grow your investment in excess of the total return of the MSCI USA Index (Net of 15% Withholding Tax) over rolling five year periods. The Fund's return aim is measured after the deduction of Fund charges.

In the last 12 months, HL US rose a little over 20%, broadly in-line with peers in the IA North American sector, but behind our target benchmark, the MSCI USA (net of 15% withholding tax) index. Since HL US was launched in November 2022, it has risen over 26%, ahead of US peers, but behind the MSCI index. Over the last year, the US market has continued to be led by the technology sector, including well-known names including Microsoft, Nvidia and Apple. The backdrop of strong markets, dominated by a small number of large constituents has been a difficult environment for active management in the US. Meanwhile, cautious positioning from one of our value managers was challenging, albeit we have seen an improvement in 2024. To manage market risk, we added a position in the iShares S&P 500 Information Technology Sector ETF towards the end of 2023. This has proved beneficial to performance.

Overall rating (Represents value)

Assessment criteria

- Service Quality
- Performance
- AFM Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Share Class

Overall, HL US offers a balanced portfolio, which is well diversified across sectors and styles. Our ongoing monitoring focuses on maintaining an appropriate blend of holdings, while always being on the lookout for ways to improve the portfolio.

	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	30/09/2021 - 30/09/2022	30/09/2022 - 30/09/2023	30/09/2023 - 30/09/2024	Since Inception ending Sept 24 (Annualised)
HL US fund	N/A	N/A	N/A	N/A	20.5	12.9
MSCI USA (Net 15%)	11.3	24.9	-0.3	11.0	23.7	15.2
IA North America	9.0	26.7	-2.1	7.6	20.4	12.7

Past performance is not a guide to future returns. Performance numbers expressed in %.

Source: Lipper for Investment Management to 30/09/2024, Total Return Net Distribution Re-invested.

MEET THE BOARD OF HARGREAVES LANSDOWN FUND MANAGEMENT

MEET THE BOARD OF HARGREAVES LANSDOWN FUND MANAGERS

Our Board of Directors has the responsibility for ensuring that all the funds we manage are run in the best interests of our investors. As a principal subsidiary of Hargreaves Lansdown plc (HL plc), the services provided throughout HLFM benefits from robust challenge and oversight, through an extremely robust supervisory and advisory structure. The Board takes an active role in the Value Assessment process, both reviewing the quantitative analysis, as well as contributing to, and challenging, the methodology and qualitative review that is carried out on each fund. Two of the Board members are Independent Non-Executive Directors, including the Chair, providing further challenge and oversight to the process, ensuring that the interests of our investors are always represented. Full Biographies of our Board members are at the end of this report.



JOHN MISSELBROOK
Chairman

John was appointed to the board in July 2020. John has extensive executive and non-executive financial services experience and has worked in asset and wealth management for 30 years. He was Chief Operating Officer at Baring Asset Management for 11 years and more recently Chairman of Aviva Investors Ltd, Northern Trust Global Services SE and JP Morgan China Growth and Income plc. John brings a wealth of operational, governance regulatory and transformation experience.



TOBY VAUGHAN
Chief Investment Officer

Toby is the Chief Investment Officer and has been with Hargreaves Lansdown since June 2023. He has over 23 years' experience in the investment industry spanning time across the institutional, retail wealth and private banking sectors. Toby's primary responsibilities focus on the development and oversight of investment process, risk, and performance outcomes at Hargreaves Lansdown Fund Managers.



PRITI VERMA
Group Chief Risk Officer

Priti Verma is the Executive member responsible for Risk (including Investment Risk), Compliance and Financial Crime oversight. Priti has over 25 years of risk management experience, holding leadership roles at a number of UK and multi-national asset and wealth management firms, including as Chief Risk Officer for an Authorised Fund Director.



JOHN TROIANO
Independent Non-Executive Director

John has significant investment and asset management experience. John spent 38 years at Schroders in a wide range of roles including investment research and analysis, fund management, and has worked across both the retail and institutional channel. Most recently, as Head of Distribution, he was responsible for the design and implementation of business strategy globally and the oversight of sale and client service activities.



PAUL DIMAMBRO
Investment and Retirement Director

Paul has over 23 years' experience in financial services with a focus on investments, trading, foreign exchange and product development. As Hargreaves Lansdown's Investment & Retirement Director, Paul is responsible for proposition strategy, product governance, distribution of investments across the platform, investment solutions and HL's range of ISA and pension products.

GLOSSARY

****Active Investing****: Active investing is an investment strategy where investors and fund managers invest in a selection of investments with the aim to achieve a better return than the wider market index or benchmark.

****Annual Management Charge (AMC)****: Is the annual fee charged by the fund management company.

****Asset Allocation****: Involves selecting the relevant portion of the portfolio to allocate / invest across for example, different sectors, regions or asset classes such as equities and bonds.

****Basis Point****: One-hundredth of a percentage point, or 0.01%.

****Benchmark****: A standard or measure, such as an index, against which the performance of an investment can be gauged, aiming to meet or surpass this standard.

****Capital Growth****: Refers to an increase in the original investment's value, excluding any earnings from dividends or interest.

****Comparator****: An index or similar metric used by investors to evaluate a fund's or portfolio's performance against a predefined benchmark.

****Dividends****: A dividend represents a fraction of a company's profits that's paid out to shareholders as a reward for investing in their company.

****Emerging Markets****: Shares in 'emerging markets' include companies based in emerging economies, like Taiwan, India and Brazil. Emerging market shares have a higher potential for growth and are generally higher risk – with more ups and downs - than shares in more developed countries.

****Engagement****: The process whereby shareholders communicate consistently with a company's management or board with the goal of influencing the company's actions.

****Equities****: Commonly known as shares, these are stakes in publicly traded companies available on established stock exchanges, providing shareholders a portion of the company's profits, possibly in the form of dividends.

****Exchange Traded Funds (ETFs)****: ETF stands for exchange traded fund, this is a collective investment which aims to track a particular index, stock market or commodity.

****Financial Conduct Authority (FCA)****: A regulatory agency overseeing financial firms, ensuring they adhere to legal standards and prioritize their customers' interests.

****Fixed Income****: A term typically referring to the bond market, interchangeable with bonds and fixed interest, representing investments that provide regular income.

****Index****: A representative measure of the performance of a specific section of the stock market.

****Funds****: A fund is a collective investment that pools together money from lots of individual investors.

****Multi-Asset****: A style of investing that involves diversifying across multiple asset classes such as stocks and bonds.

****Ongoing Charge Fees (OCF)****: Represents the total annual cost of managing a fund which includes the AMC and other management and operational expenses.

****Passive Investing****: Passive investing is an investment strategy where investors aim to match the performance of a particular stock market index or benchmark. It's possible to do this by investing in passively-managed funds called index tracker funds and exchange traded funds (ETFs).

****Portfolio****: A collection of several types of investments held by an individual or institution, including stocks, bonds, and other assets.

****Segregated / Sub-Advised Mandate****: A specialised investment portfolio, managed for an institutional investor according to specific guidelines.

****Share Class****: A category of the fund which may have different fee structures or features such as income distribution style.

****Underweight****: Describes an investment situation where a smaller proportion of a particular stock, sector, region, or strategy is held compared to its presence in a benchmark index or model portfolio.

****Volatility****: Volatility is a measure of how much something fluctuates. In the investing world, volatility is a measure of an investment's risk level. The higher the volatility, the higher the risk and the likelihood you could get back less than you invested.



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Issued by Hargreaves Lansdown Fund Managers.
Authorised and regulated by the Financial Conduct Authority.