

HARGREAVES
LANSDOWN

HOW TO INVEST WITH CONFIDENCE

Helping members grow their workplace pension

IMPORTANT INFORMATION

This guide is designed for employers and pension professionals, not individual investors. Nothing within this guide constitutes personal advice. Please seek advice if unsure of the suitability of any investment.

Please remember investments can go down as well as up in value, so you could get back less than you put in.

The information in this guide was correct as at January 2022, and unless noted all figures apply to the 2021/22 tax year. You can't normally access money in a pension until age 55 (57 from 2028). Pension and tax rules can change, and their benefits depend on your circumstances.

A DECISION WHICH CAN MAKE ALL THE DIFFERENCE

It's amazing what can be achieved with a little confidence.



RICHARD TURNER
Senior Corporate
Distribution Manager

“

Our business has been built on empowering people to save and invest with confidence.

We understand that many members of Workplace pensions are enrolled into the default fund and remain there. We do not think that this is a poor outcome however our mission at HL Workplace is to improve member awareness, knowledge and engagement so that this becomes a choice rather than the outcome of a process.

Strong research, and a commitment to provide 1-2-1 sessions with our Financial Wellbeing Team, combined with clear, concise, timely and relevant communications, help instil this confidence and initiate action. By giving workplace pension members the right tools and the right information, you might be surprised at what can be achieved.

Currently, 22% of HL Workplace pension members are **making their own investment decisions** – instead of the default fund.

Some members may dismiss the idea of choosing their own investments as either too stressful or too complicated. But with our help, it doesn't have to be either.

What's more, it could make a huge difference to the quality of life in retirement.

HL WORKPLACE PENSION INVESTMENT IDEAS FOR MEMBERS

Helping members make more of their money.

The HL workplace pension is a Group SIPP (self-invested personal pension) which offers one of the largest selections of investments in the UK.

Members can choose from thousands of funds and invest in some of the world's largest companies.

But choice on its own is worthless without the knowledge and the confidence to make your own investment decisions. Indeed, some may prefer not to make any decisions at all.

No matter what the situation, our workplace pension has got it covered.



DEFAULT OPTION

THE HL GROWTH FUND

The HL Growth fund serves as the default investment choice for those who prefer to leave it to an expert. The default fund for the HL workplace pension is the HL Growth Fund, managed by Hargreaves Lansdown Fund Managers Ltd. The HL Growth Fund aims to deliver long-term growth to members.

The fund invests across lots of different types of assets, such as company shares, fixed income investments (e.g. bonds), property, commodities and cash. This mix aims to bring diversification to the fund which can help to reduce risk.

CORE FUND RANGE

THE 'ABC FUNDS'

To help members get started, our Investment Research Team has highlighted three simple investment ideas.

They include: an **Adventurous** fund, a **Balanced** fund and a **Conservative** fund – one for each type of investor. We call them the 'ABC Funds'.



For those who are first time investors, or just haven't got round to choosing their own investments, we believe our ABC Funds are a great starting point for a workplace pension.



CORE FUND RANGE

THE WEALTH SHORTLIST ★

With more than 3,500 funds available, the choice can be bewildering. The Wealth Shortlist can help – it's a shortlist of our experts' favourite funds.

We've spent decades and thousands of hours crunching the numbers, and meeting fund managers, to uncover funds we believe have the most potential in each major sector. To date, we've had an enviable track record.

[How we govern the Wealth Shortlist.](#)

THE FULL RANGE OF INVESTMENTS

Invest in over 3,500 funds from major groups to boutique investment houses including Artemis, Fidelity, JP Morgan, Jupiter, Invesco and Schroders.

Members can also choose shares from major stock exchanges, investment trusts, exchange-traded funds and more.

We offer free fund dealing, low cost income reinvestment, and online share dealing from £11.95 per trade (falling to as little as £5.95 for frequent traders).

DEFAULT INVESTMENT AND LIFESTYLING ARRANGEMENT

The HL Growth Fund is the default investment fund for schemes.



EMMA WALL

Head of Investment Analysis & Research

HL GROWTH FUND

HOW IT WORKS

The HL Growth Fund aims to deliver long-term growth to members. The fund can invest across lots of different types of assets, such as company shares, fixed income investments (e.g. bonds), property, commodities and cash. This mix aims to bring diversification to the fund which can help to reduce risk.

The fund uses the 'IA Mixed Investment 40-85% sector' as its benchmark, which means its performance will be measured against other funds which invest between 40-85% into global stock markets.

Company shares make up between 70-85% of the HL Growth fund, mostly by investing in collective investments which track global stock markets.

The higher allocation to shares and investment in more volatile sectors such as emerging markets means that the fund has the potential to beat its benchmark, but it also means that it's more risky than a fund with a lower allocation to these areas.



INVESTING RESPONSIBLY

Sustainable and ethical behaviour is becoming increasingly important, and our investment choices can play a key part in that.

We believe that sustainable businesses have greater potential to offer sustainable returns to investors over the long term. The HL Growth Fund is therefore invested with environmental, social and governance (ESG) factors integrated into the process.

This means that the fund is expected to hold at least 70% of its value in investments included in indices for which there are ESG requirements. This will mean that the fund invests more in companies that score well on ESG criteria, and less in those that score poorly. The fund managers will then engage with poorer scoring companies to encourage them to improve their behaviour.

The fund can also choose not to invest in certain investment areas, such as coal producers or weapons manufacturers.

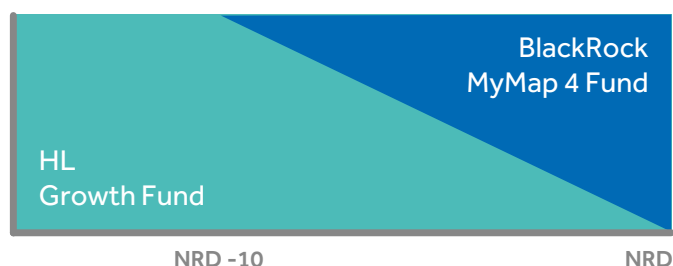
HOW DOES LIFESTYLING WORK?

The Lifestyling approach aims to shelter the member's pension pot as they approach their chosen retirement age by gradually moving into BlackRock MyMap 4, a fund with a balanced approach to risk.

Pension investments will gradually be moved during the ten years approaching the members selected retirement age (default is 65).

Funds will be automatically and gradually sold on a monthly basis and held as cash within the SIPP.

Sale instructions will be placed on the 15th of every month. Where the 15th falls on a weekend, this process will take place on the next working day. Manual trades are limited for four working days before these sales are due to take place and one day after to ensure the sales are placed effectively.



The value to be sold is determined by how many months remain until the selected retirement age. For example, if members have 10 years (120 months) until retirement, 1/120th of the value of the fund(s) will be switched. This will be followed by 1/119th the next month, and so on. In the final month, all of the remaining holding(s) will be switched.

DOES DE-RISKING APPLY TO ANY FUNDS CHOSEN BY THE MEMBER?

Yes – it is applied to any fund/s chosen by an automatically enrolled member, and monthly switching into BlackRock MyMap 4 will still apply. However, members can turn off Lifestyling at any time.



OUR CORE FUND RANGE

Helping members invest beyond the default.



FUNDS



EMMA WALL

Head of Investment Analysis & Research

Our Investment Research Team highlights three simple fund ideas to help members get started – one **Adventurous**, one **Balanced**, and one **Conservative**. We call them the '[ABC Funds](#)'.

Narrowing the search from thousands of funds to just three simple options helps members make quick and simple choices. Whether they're just getting started or retirement is just around the corner, our ABC Funds can help members make their own investment decisions.



'ADVENTUROUS FUND'

Rathbone Global Opportunities

The fund invests almost completely in shares, including those of higher-risk smaller companies.

The fund manager thinks exceptional companies are few and far between, so he only invests in a small selection. This gives each the potential to contribute significantly to performance, but it does increase risk. He looks for companies that can grow at a faster pace than others over the long run. At the moment the fund mainly invests in developed markets, such as the US, UK and Europe.

If the manager makes the right decisions, the fund could perform well – although because it is largely invested in shares it may be a bumpy ride, with setbacks along the way.

[Key Investor Information Document.](#)



B

'BALANCED FUND'

BNY Mellon Multi-Asset Balanced Fund

The fund can invest between 40-85% into company shares, in line with the IA mixed investment 40-85% sector parameters. Usually, the amount invested in shares is between 70-80% of the fund's value. The rest of the fund is invested in bonds and cash, which help to spread the risks of investing.

The manager has the freedom to invest in companies from all over the world, although he typically focuses on the US, UK and Europe.

The fund is likely to be less risky than the Adventurous Fund, but more risky than the Conservative Fund over time. Historically the fund has been slightly less risky than the default, although this could change in future as they have a similar exposure to shares.

[Key Investor Information Document.](#)

C

'CONSERVATIVE FUND'

Troy Trojan

The portfolio is concentrated because the manager holds large positions in each of his investments, so each one has the potential to contribute significantly to the fund's performance. The manager can also invest in derivatives, but both of these factors increase the risk of the fund.

Over the last 5 years the fund has typically only taken around half the level of risk of the global stock market. Since each area of the fund has tended to perform well during different stock market conditions, its returns have been more stable than funds investing predominantly into shares. That said, there are no guarantees that the fund will deliver a positive return, you could still lose money, and the risk profile of an investment can change over time.

[Key Investor Information Document.](#)

