



LEE GARDHOUSE
INVESTMENT
DIRECTOR



DAVID SMITH
FUND MANAGER

Review

Bonds in general had a positive quarter, although corporate bonds did better on the whole than government bonds, especially after adjustment for the relative strength of sterling. The main corporate bond indices posted very respectable returns of more than 2%.

Each of our holdings made money over the quarter, with the Royal London Sterling Extra Yield Bond fund the top performer once more. We took some more profits on this position and reduced exposure modestly during the period.

Similarly, after another good quarter we continued to reduce our position in funds with more exposure to high yield bonds, and instead increased our more defensive positions.

Outlook

We continue to move the portfolio towards a more defensive stance, as bond prices have generally risen and consequently yields have fallen further. We still see no obvious catalyst for bond markets to sell off in the short term, but investors are being less well rewarded for assuming risk so we remain relatively defensively positioned.

WHO IS THIS FUND FOR?

This fund offers a one-stop shop for a combination of leading bond funds.

It could be considered by more defensive investors who do not wish to take stock market risk and are happy to receive income (which can be received gross of tax within a SIPP or NISA wrapper).

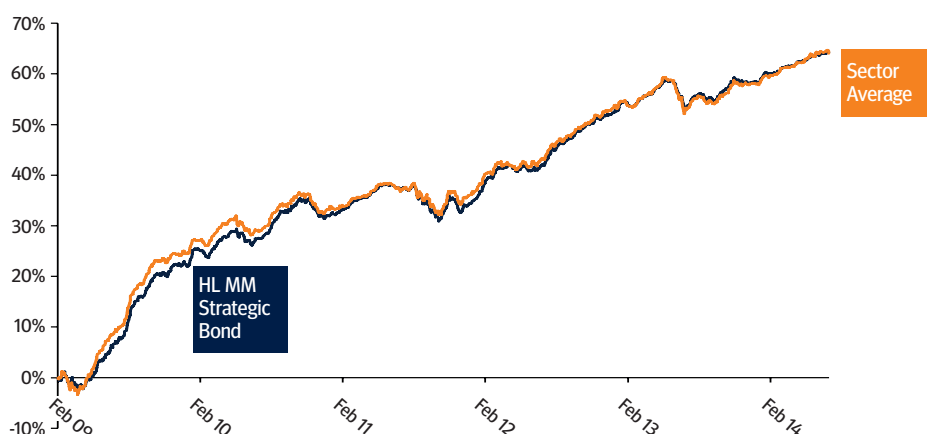
WHERE CAN THIS FUND INVEST?

- This fund invests in a core list of our favoured bond funds
- The fund will invest a minimum of 80% in sterling-denominated fixed interest securities

FUND INFORMATION

Initial Charge	3%
Initial Vantage Saving	3%
Annual Management Charge	0.75%
Other Expenses (including the underlying managers' fees)	0.57%
Launch Price	100p
Launch Date	02/02/09
Yield (variable and not guaranteed)	2.11%
Fund Size	£661.4m
Dividend Payment Dates	28 Feb, 31 May, 31 Aug, 30 Nov
Ex-dividend Dates	1 Jan, 1 Apr, 1 Jul, 1 Oct
Sector	IMA £Strategic Bond
Risks	ELJM

PERFORMANCE SINCE LAUNCH



Past performance is not a guide to future returns. Source: Lipper, bid to bid, net income reinvested to 01/07/14.

CUMULATIVE PERFORMANCE

	1yr	3yr	5yr	Since Launch
Fund (%)	6.9	19.7	53.2	64.2
Sector Average (%)	7.3	19.8	50.0	64.0

YEAR-ON-YEAR PERFORMANCE

	Jul 2009 - Jul 2010	Jul 2010 - Jul 2011	Jul 2011 - Jul 2012	Jul 2012 - Jul 2013	Jul 2013 - Jul 2014
Fund (%)	18.9	7.7	3.5	8.2	7.0
Sector Average (%)	17.8	6.3	4.4	6.9	7.4

Past performance is not a guide to future returns. Source: Lipper, bid to bid, net income reinvested to 01/07/14.

TOP 10 HOLDINGS - AS AT 30/06/14

M&G UK Inflation Linked Corp Bond	14.7%
Kames Investment Grade Bond	13.7%
Fidelity MoneyBuilder Income	13.1%
M&G Strategic Corporate Bond	9.6%
Invesco Perpetual Tactical Bond	9.2%
M&G Optimal Income	8.9%
Jupiter Strategic Bond	8.5%
Royal London Sterling Extra Yield Bond	5.9%
Jupiter Strategic Reserve	4.6%
Artemis Strategic Bond	4.1%

NOTES - Hargreaves Lansdown Fund Managers can only provide information on their own range of funds to private clients. The Vantage Service is provided by our sister company Hargreaves Lansdown Asset Management Limited, who are also authorised and regulated by the Financial Conduct Authority.

HARGREAVES LANSDOWN

MULTI-MANAGER STRATEGIC BOND TRUST - CONTINUED

INVESTMENT PROCESS

We believe our quantitative analysis is one of the major differentiating factors between ourselves and the rest of the industry. Using in-house generated statistical programs, our team create a forensic analysis of fund managers to understand what lies behind the raw performance numbers. Our fund managers and research analysts use this analysis when conducting face-to-face fund manager interviews. As the UK's leading fund supermarket we benefit from unrivalled access to fund managers meeting several hundred managers a year. The combination of quantitative and qualitative analysis allows us to identify funds we believe have the greatest potential for future outperformance.

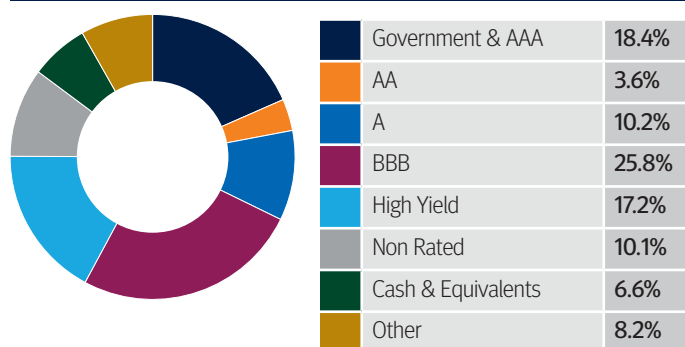
We are looking to invest in funds managed by experts with a passion for investment and we want these experienced fund managers to work in a culture that promotes and incentivises strong long-term performance.

WHY INVEST IN A HL MULTI-MANAGER FUND?

- Professional management from one of the largest and best resourced fund research teams in the UK
- Broad exposure to a range of investment styles in one, convenient fund
- A great choice for those who lack the time or expertise to manage their own investments and want to simplify their tax affairs*
- Access to managers not widely available to the retail market
- Our size and scale allows us to negotiate significant discounts from the underlying funds to reduce costs

*Any changes we make within our Multi-Manager funds are not subject to capital gains tax. As such capital gains are rolled up until money is removed from the Multi-Manager fund.

CREDIT ANALYSIS



Correct as at 30/06/14

Investment Grade Bond - Historically a lower risk of default: issuer expected to pay interest on time and meet repayment obligations. Ratings range from AAA to BBB.

High Yield Bond - Issued by organisations with a much higher chance of default. Rated BB (Speculative) and below, higher yields reflect the increased risks. Also known as Junk or sub-investment grade bonds.

Non Rated Bonds - Bonds that do not carry a rating, possibly owing to there being a cost involved. Often a Fund Manager will carry out their own analysis and provide the bond with a rating.

RISK SUMMARY

The value of investments and any income can fall, therefore you could get back less than you invested. Neither capital nor income is guaranteed. Investments should be regarded as long-term. Some of the charges and expenses are taken from capital and this increases the chances of your capital value falling.

Please note this factsheet is not advice and should not be viewed as a promotion of any of the individual underlying funds profiled. Before investing in these funds please read the Key Features. Our Multi-Manager funds are for investors who wish to choose their own investments. The selection of the underlying funds does not take into consideration your personal circumstances. If you are unsure about the suitability of any investment for your circumstances you should seek advice. Tax rules can change over time and any benefit to you will depend on your circumstances.

The fund's strategy, and therefore level of risk, can change over time. Economic factors such as interest rates, inflation and supply and demand can affect all investments.

FUND RISKS

E - This fund invests in high yield bonds, which carry a greater risk of default than investment grade corporate bonds. Economic conditions will also have a greater effect on their price.

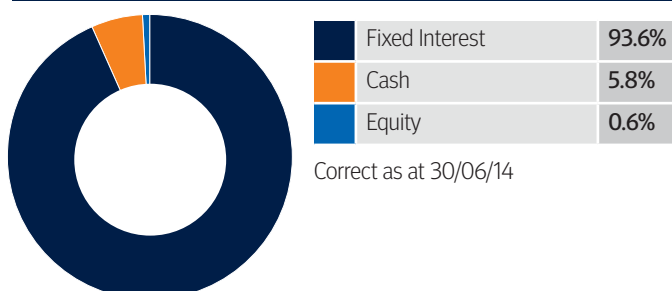
I - The value of investments and the income you receive from them can fall as well as rise.

J - Stock market investments should be regarded as long-term investments.

M - This fund is permitted to use investments such as warrants, options and derivatives for what is known as Efficient Portfolio Management (EPM). They can be used to effectively take a position (or reduce an existing position) in a share or index, allowing positions to be altered more quickly and cost effectively than dealing directly in the underlying investment. The use of these instruments can, under certain circumstances, increase volatility and risk beyond that expected of a fund that only invests in conventional equities.

Please note past performance is not a guide to future returns, and that your chosen investment could face additional risks if the manager moves into different investment areas. Please contact us if you would like a copy of the Key Features supplied by the investment provider which may expand further on the specific scenarios that could result in a fall in the value of your investment.

ASSET ALLOCATION (%)



Correct as at 30/06/14