Hargreaves Lansdown

Multi-Manager Unit Trusts

Manager's Annual Short Report

for the year ending 30th September 2013

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HARGREAVES LANSDOWN

Hargreaves Lansdown Fund Managers Limited
One College Square South | Anchor Road | Bristol | BS1 5HL
Authorised & Regulated by the Financial Conduct Authority
www.hl.co.uk

HL Multi-Manager Balanced Managed Trust

Investment objective

The investment objective of the Trust is to provide long term capital growth.

Investment policy

It is intended that the Trust will invest principally in collective investment schemes whose underlying investments consist of equities and/or fixed interest securities.

Subject to the Trust's investment objective as set out above, the additional asset classes in which the Trust may directly or indirectly invest include transferable securities, money market instruments and deposits to the extent permitted for non-UCITS Retail Schemes under the Financial Conduct Authority Rules. The Trust may invest in derivative instruments and forward transactions for the limited purposes of hedging.

It is intended that the assets of the Trust will be managed so that it is eligible for quotation within the Investment Management Association's (IMA) Mixed Investment 40-85% Shares Sector. Further details of which can be found via the IMA's www.investmentfunds.org.uk website. The eligibility rules currently state that the Trust should invest in a range of assets with the minimum equity exposure set at 40% and maximum equity exposure restricted to 85%. The assets should be at least 50% invested in established market currencies (US Dollar, Sterling & Euro) of which 25% must be Sterling-denominated investments.

Performance review

Over the twelve month period to 30th September 2013 the bid price of the accumulation units has increased from 138.29 pence to 164.72 pence representing a rise of 19.11%. Over the same period the IMA Mixed Investment 40-85% Shares peer group returned an average 13.37%, the FTSE All Share Index increased by 18.93%, the FTSE World ex UK Index by 19.21% and the Markit iBoxx Sterling Corporates Index increased by 3.21%.

Since the close of the initial offer period (5th January 2001) the bid price of the accumulation units has increased from 100 pence to 164.72 pence representing a rise of 64.72%. Over the same period the IMA Mixed Investment 40-85% peer group returned an average 55.63%, the FTSE All Share Index increased by 78.36%, the FTSE World ex UK Index by 67.44% and the Markit iBoxx Sterling Corporates Index by 76.07%.

Performance review (continued)

	30/09/08 to 30/09/09	*30/09/09 to 30/09/10*	*30/09/10 to 30/09/11*	*30/09/11 to 30/09/12*	*30/09/12 to 30/09/13*
HL Multi-Manager Balanced Managed Trust	9.4%	8.2%	-2.6%	10.2%	19.1%
IMA Mixed Investment 40-85% Shares	9.4%	8.7%	-3.5%	11.4%	13.4%
FTSE All Share Index	10.8%	12.5%	-4.4%	17.3%	18.9%
FTSE World ex UK Index	12.0%	9.5%	-4.0%	17.8%	19.2%
Markit iBoxx Sterling Corporates Index	11.3%	11.4%	-1.6%	15.0%	3.2%

Past performance is not a guide to future returns.

Source for all figures: Internal/Lipper for Investment Management, bid to bid, including net income.

Market review

The twelve months to 30th September 2013 was generally a good period for global stockmarkets, as investors brushed off assorted concerns over the global outlook. The Japanese market soared amid hopes the returning prime minister, Shinzo Abe, will rescue the country's economy from its malaise. The Japanese Topix Index return of 65% was tempered by sterling's strength versus the yen, however, and converted to just over 30% for a sterling-based investor.

Meanwhile, continental European equities also outperformed the UK stockmarket, which in turn still delivered a very attractive total return as noted above. In the US, the S&P 500 Index performed well, as concerns over potential tax hikes and debt-related issues were pushed further down the calendar. However, emerging market equities struggled, with the MSCI EM (Emerging Markets) Index up just over 1% in sterling terms.

The bond markets presented a more mixed picture, with initial positivity later replaced by concerns over the potential slowdown of bond purchases by the US central bank.

The UK government bond (gilts) market succumbed, leaving investors down for the period as a whole even after accounting for interest payments along the way. Once more, emerging markets suffered with these markets' debt losing money. Higher yielding bonds issued in euros/sterling managed to buck this trend and deliver double digit total returns, as bond investors were less worried about the risk of default.

Portfolio review

It is pleasing to report strong performance for the year under review as the Trust generated an impressive absolute return, exceeding that of the peer group by a clear margin. The underlying fund managers performed well, producing positive stock selection in aggregate.

Portfolio review (continued)

We think of the portfolio in terms of three groups of funds, namely equity, bond and 'total return'. Within each, we select our favourite funds, having carried out extensive quantitative and qualitative analysis. During the period, the equity component assisted in the outperformance of our IMA peer group, the total return element was broadly neutral and the fixed income element detracted. Early in the period, we reduced the Trust's modest cash position in favour of a spread of equity, bond and 'total return' holdings, leaving the Trust essentially fully invested.

Our UK equity allocation represents around 30% of the Trust's assets and outperformed the UK stockmarket over the year. Within this, we consider three categories of funds; smaller-company focused, income orientated and growth orientated. Each of these groups outperformed the main market with a particularly strong contribution from the smaller-company funds (Old Mutual and Marlborough). Within the growth element, M&G Recovery was somewhat weak but we have not lost faith in the fund manager. We feel his approach of investing in companies with turnaround potential will return to favour.

During the year we redeemed our holding in Franklin UK Select Growth. Over the last few years the manager became more cautious in his economic outlook and consequently moved the portfolio away from areas where he has traditionally added value. In our opinion this made future positive stock selection more difficult to achieve. We introduced a new holding in AXA Framlington UK Select Opportunities, managed by Nigel Thomas. The fund is a 'multi-cap' offering with a bias toward medium-sized companies. The manager has an exceptional long-term track record, making this an attractive addition to the Trust.

European equities performed well but our European holdings fractionally lagged the market rise. We took some profits from these holdings at the turn of the year before adding back later in the period. Henderson European Special Situations was one of the greatest positive contributors to the Trust. Neptune European Opportunities was a little disappointing despite producing a strong absolute return and we reduced our target exposure. Cazenove European had a change of fund manager as Chris Rice left the business prior to its acquisition by Schroders. The fund is now managed by Steve Cordell who has many years' experience managing European equities and has a similar fund management approach. We are happy to maintain our holding and performance has been strong during the short period since the handover.

The Trust benefited from its significant overweight in Japanese equities compared to the peer group. GLG Japan CoreAlpha was the greatest positive contributor of the entire portfolio and added significant value over Japan's Topix index, with a sterling return in excess of 40%. Melchior Japan Advantage also performed well. We continue to believe the Japanese equity market is attractively valued and took advantage of its volatility by adding to holdings after weaker periods of performance and reducing after stronger periods.

The US stockmarket, proxied by the S&P 500 Index, performed well over the year although we remain underweight versus our peer group, given the lack of fund managers we believe can add consistent value over time. We are pleased to report Findlay Park American, our sole holding in this market and the largest position in the Trust, outperformed the US market.

The Trust's emerging market equity exposure detracted from performance as emerging markets generally lagged those in the west. Comgest and our eastern European fund exceeded their benchmarks. First State lagged the Asian market but the team's long-term record remains exceptional. We added to these holdings during the period but are currently a little below our target exposure.

Portfolio review (continued)

As a reminder, the 'total return' element of the Trust is designed to provide some diversification as well as relative protection in a tougher market environment. It broadly matched our IMA peer group return over the year. The more aggressive funds from Artemis and Odey fared well, outperforming our peer group. The more defensive element consisting of the Trojan fund and Newton Real Return, a new addition to the Trust, were disappointing over the period. This reflects cautious positioning of both managers but we expect these funds to offer protection should markets enter a more difficult phase. The Newton offering provides exposure to the group's research resources and thematic analysis via a fund investing across a range of diversifying assets.

It is pleasing to report the Trust's bond element outperformed the UK bond market and each of our managers exceeded relevant peer groups. We benefited as corporate bonds did better than government bonds over the period. Royal London Sterling Extra Yield Bond, with its focus on higher yielding companies, was the strongest performer. Kames Investment Grade Bond produced the lowest return, broadly matching that of the Markit iBoxx Sterling Corporates index. We added to Invesco Perpetual Tactical Bond in June as we felt the managers, with a relatively defensive stance, were well positioned to take advantage of market opportunities.

Equity markets have risen strongly since the last review but in our opinion equities as an asset class remain attractively valued. We feel we have an excellent selection of experienced equity managers with an international flavour. We remain wary of the government bond market and are becoming more cautious on corporate bonds. Therefore we continue to bias our fixed income portfolio towards 'strategic' bond funds, providing managers the flexibility to invest across the fixed income universe. Combined with our 'total return' fund allocation, we feel the Trust is positioned to provide solid risk-adjusted returns with a medium to long-term view.

The top ten purchases and sales during the year were as follows:

Purchases	**£'000**	**Sales**	**£'000**
Majedie UK Equity 'X' Acc	30,923	Majedie UK Equity 'A' Acc	30,921
Newton Real Return	23,311	Franklin UK Select Growth	9,840
AXA Framlington UK Select Opportunities	19,425	GLG Japan CoreAlpha	8,552
First State Asia Pacific Leaders	8,993	Odey Allegra International	7,792
Jupiter Strategic Bond	5,800	Artemis Strategic Assets	4,710
GLG Japan CoreAlpha	5,311	Henderson European Special Situations	3,767
Invesco Perpetual Tactical Bond	5,206	Melchior Japan Advantage	2,600
Trojan Fund	5,031	Marlborough Special Situations	2,038
Kames Investment Grade Bond	4,805	M&G UK Inflation Linked Corporate Bond	2,002
Traditional Funds Plc Eastern European	4,148	Invesco Perpetual Income	997

Hargreaves Lansdown Fund Managers

1st October 2013

Risk profile

The primary risk facing the Trust is the risk that the value of investment holdings will fluctuate as a result of changes in market prices. The Trust's underlying investments may also be affected by currency movements, as assets may be denominated in currencies other than Sterling. Bank overdrafts can be used for short-term liquidity. The Trust may have part of its portfolio invested in smaller companies, which are more volatile and sometimes more difficult to trade than larger companies. The Trust may have part of its portfolio invested in emerging markets, which are generally less well regulated than the UK, and may therefore be exposed to higher risks than investing in larger more established markets. The Trust may hold derivatives solely for the purpose of efficient portfolio management and they are not intended to increase the risk profile of the Trust.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table

Net Asset Values

The net asset values for the last three annual accounting dates are:

Accounting Date	*Total Net Asset Value*	*Net Assets per Unit*	*Number of Accumulation Units in Issue*
30/09/2011	£460,170,456	125.40p	366,953,909
30/09/2012	£461,679,315	138.25p	333,950,985
30/09/2013	£619,141,670	164.72p	375,864,214

Distribution Record

Calendar Year	*Net per Accumulation Unit p*
2008	1.7832
2009	1.9585
2010	1.5832
2011	1.4600
2012	1.5093
2013†	1.4557

† To 30th September 2013.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table (continued)

Performance Record

Units were first issued at £1 on 22nd December 2000.

	Accumulation Units	
	Highest Offer	*Lowest Bid*
Calendar Year	*p*	*p*
2008	140.29	88.76
2009	129.07	86.56
2010	145.62	117.91
2011	150.21	121.78
2012	151.85	128.16
2013†	176.80	143.74

† To 30th September 2013.

Total Expense Ratio

	For the year ended 30/09/13	*For the year ended 30/09/12*
Manager's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Total expense ratio	1.04%	1.04%
Expense on underlying investments	0.75%	0.74%
Synthetic Total Expense Ratio	**1.79%**	**1.78%**

The Total Expense Ratio (TER) is a figure representing the total operating costs as a percentage of the Trust's value. It includes the annual management fee as well as all of the administrative costs incurred by the Trust. The synthetic TER of the Trust includes the TER (or where available the Ongoing Charges Figure - OCF) of the underlying funds weighted on the basis of their investment proportion.

Portfolio Statement
As at 30th September 2013

Holding	Investment	Bid market valuation £'000	Percentage of total net assets %
	UK - 30.25% (29.57%)		
10,767,992	Artemis Income	33,232	5.37
17,226,622	AXA Framlington UK Select Opportunities	21,499	3.47
1,578,924	Invesco Perpetual Income	41,037	6.63
10,311,071	M&G Recovery	30,030	4.85
28,482,414	Majedie UK Equity	37,204	6.01
1,315,397	Marlborough Special Situations	11,345	1.83
1,840,396	Old Mutual UK Smaller Companies Focus†	12,965	2.09
		187,312	**30.25**
	Fixed Interest - 15.02% (14.40%)		
11,734,176	Invesco Perpetual Tactical Bond	15,468	2.50
18,587,643	Jupiter Strategic Bond	15,666	2.53
12,941,855	Kames Investment Grade Bond	18,806	3.04
8,604,360	M&G Optimal Income	15,543	2.51
13,258,196	M&G UK Inflation Linked Corporate Bond	15,202	2.46
10,996,990	Royal London Sterling Extra Yield Bond†	12,270	1.98
		92,955	**15.02**
	Europe - 12.60% (13.08%)		
3,447,772	Cazenove European	20,138	3.25
25,485,263	Henderson European Special Situations	42,076	6.80
3,689,614	Neptune European Opportunities	15,799	2.55
		78,013	**12.60**
	Total Return - 13.75% (12.54%)		
24,524,878	Artemis Strategic Assets	18,403	2.97
17,674,909	Newton Real Return	23,990	3.87
112,890	Odey Allegra International†	18,585	3.00
10,599,043	Trojan Fund	24,198	3.91
		85,176	**13.75**
	Asia/Emerging - 10.65% (10.05%)		
732,716	Comgest Growth Emerging Markets	14,832	2.40
6,792,377	First State Asia Pacific Leaders	29,278	4.73

Portfolio Statement (continued)
As at 30th September 2013

Holding	*Investment*	*Bid market valuation £'000*	*Percentage of total net assets %*
	Asia/Emerging *(continued)*		
414,851	Traditional Funds Plc Eastern European†	21,810	3.52
		65,920	**10.65**
	Japan - 9.46% (9.75%)		
39,318,179	GLG Japan CoreAlpha	42,424	6.85
11,467,619	Melchior Japan Advantage	16,159	2.61
		58,583	**9.46**
	US - 7.35% (7.28%)		
1,112,902	Findlay Park American†	**45,460**	**7.35**
	Portfolio of investments - 99.08% (96.67%)	**613,419**	**99.08**
	Net other assets - 0.92% (1.13%)	5,723	0.92
	Net assets	**619,142**	**100.00**

The percentages in brackets show the equivalent sector comparatives as at 30th September 2012.

All investments are in accumulation shares/units unless otherwise stated.

† Income shares/units.

HL Multi-Manager Equity & Bond Trust

Investment objective

The investment objective of the Trust is to provide income and capital growth.

Investment policy

It is intended that the Trust will invest principally in collective investment schemes whose underlying investments consist of equities and/or fixed interest securities.

Subject to the Trust's investment objective as set out above, the additional asset classes in which the Trust may directly or indirectly invest include transferable securities, money market instruments and deposits to the extent permitted for non-UCITS retail Schemes under the Financial Conduct Authority Rules.

The Trust may invest in derivative instruments and forward transactions for the limited purposes of hedging.

It is intended that the assets of the Trust will be managed so that it is eligible for quotation within the Investment Management Association's (IMA) Mixed Investment 20-60% Shares Sector. Further details of which may be found via the IMA's www.investmentfunds.org.uk website. The eligibility rules currently state that the Trust should invest in a range of assets with the minimum equity exposure set at 20%, the maximum equity exposure restricted to 60% and with at least 30% invested in fixed interest and cash. The assets should be at least 30% invested in Sterling-denominated investments with at least 60% in established market currencies (US Dollar, Sterling & Euro).

Performance review

Over the twelve month period to 30th September 2013 the bid price of the Trust's accumulation units increased from 113.60 pence to 129.92 pence per unit, a rise of 14.37%. Over the same period the IMA Mixed Investment 20-60% Shares peer group recorded an average 8.55% return, the FTSE All Share Index increased by 18.93% and the Markit iBoxx Sterling Corporates Index increased by 3.21%.

Since close of the initial offer period (2nd June 2006) the bid price of the accumulation units has increased from 95 pence to 129.92 pence, a rise of 36.76%. Over the same period the IMA Mixed Investment 20-60% Shares peer group recorded an average 27.05% return, the FTSE All Share Index has increased by 52.02% and the Markit iBoxx Sterling Corporates Index has increased by 30.90%.

	30/09/08 to 30/09/09	*30/09/09 to 30/09/10*	*30/09/10 to 30/09/11*	*30/09/11 to 30/09/12*	*30/09/12 to 30/09/13*
HL Multi-Manager Equity & Bond Trust	4.8%	10.2%	1.0%	13.2%	14.4%
IMA Mixed Investment 20-60% Shares	7.5%	7.5%	-1.8%	9.1%	8.6%
FTSE All Share Index	10.8%	12.5%	-4.4%	17.3%	18.9%
Markit iBoxx Sterling Corporates Index	11.3%	11.4%	-1.6%	15.0%	3.2%

Past performance is not a guide to future returns.

Source for all figures: Internal/Lipper for Investment Management, bid to bid, including net income.

Market review

The twelve months to 30th September 2013 was generally a good period for global stockmarkets, as investors brushed off assorted concerns over the global outlook. The Japanese market soared amid hopes the returning prime minister, Shinzo Abe, will rescue the country's economy from its malaise. The Japanese Topix Index return of 65% return was tempered by sterling's strength versus the yen, however, and converted to just over 30% for a sterling-based investor.

Meanwhile, continental European equities also outperformed the UK stockmarket, which in turn still delivered a very attractive total return as noted above. In the US, the S&P 500 Index performed well, as concerns over potential tax hikes and debt-related issues were pushed further down the calendar. However, emerging market equities struggled, with the MSCI EM (Emerging Markets) Index up just over 1% in sterling terms.

The bond markets presented a more mixed picture, with initial positivity later replaced by concerns over the potential slowdown of bond purchases by the US central bank.

The UK government bond (gilts) market succumbed, leaving investors down for the period as a whole even after accounting for interest payments along the way. Once more, emerging markets suffered with these markets' debt losing money. Higher yielding bonds issued in euros/sterling managed to buck this trend and deliver double digit total returns, as bond investors were less worried about the risk of default.

Portfolio review

We are very pleased to be able to report strong returns and significant outperformance of funds in the IMA Mixed Investment 20-60% Shares peer group over the twelve months to 30th September 2013. The Trust benefited from some very strong performance from individual portfolio holdings. While content with these performances, we systematically top-sliced these positions and rotated the money towards funds with more subdued returns during the period to ensure the portfolio remains balanced.

The Trust's equity portfolio remains predominantly invested in UK Equity Income funds (nearly 40% of the overall portfolio) and the UK stockmarket performed well over the period, as noted above, which provided a solid backdrop for these funds. This segment of the portfolio performed well with six of our seven positions ahead of the All Share Index's return.

The Marlborough Multi-Cap Income, JOHCM UK Equity Income and Threadneedle UK Equity Alpha funds did very well. Bill Mott's PSigma Income fund was the worst performer in this area with a return of 'only' 14.63%. We reduced exposure to this fund from 5% to close to 3.50% over the period, as our conviction in the manager reduced. However, we recognise this fund has a relatively defensive portfolio, which may provide some protection if the UK stockmarket deteriorates. Our only other UK equity fund exposure, outside of the UK Equity Income sector, is via the Old Mutual UK Dynamic Equity fund, which performed very strongly over the period with a return of close to 37%.

The Trust's next largest exposure is to 'strategic' bond funds (a little under 19% of the portfolio), where the managers have significant flexibility to adjust their portfolios in anticipation of changes in bond market conditions. While the gilts market lost money over the period under review, and mainstream corporate bonds made modest returns, strategic bond funds performed somewhat better with the help of exposure to higher yielding corporate bonds. Furthermore, each of our six selected holdings outperformed the peer group return. We were pleased to see the Royal London Sterling Extra Yield Bond fund perform especially well but maintained our discipline and continued to take profits on this position as it outperformed. The M&G UK Inflation-Linked Corporate Bond fund held up very well during recent bond market turmoil.

Portfolio review (continued)

Mainstream corporate bonds (14% of the portfolio) started the period strongly but were hit relatively hard in May as investors began to fear a rise in government bond yields. These fears were exacerbated by Ben Bernanke, chairman of the US Federal Reserve, who warned the US central bank may soon start to slow its purchases of US government and mortgage bonds. Kames Investment Grade Bond outperformed its peer group while Fidelity Moneybuilder Income underperformed, to leave the combined exposure modestly ahead.

The 'total return' element of the Trust's portfolio (15%) delivered a modest gain. The more aggressive Artemis Strategic Assets position performed strongly but the Newton Real Return and Jupiter Absolute Return funds made little progress. The Trojan fund was the only portfolio holding to lose money over the period, as its exposure to gold/gold mining shares and index-linked corporate bonds hurt in the short term.

We sold the Trust's position in the Jupiter Absolute Return fund in May 2013 and split the proceeds between the Newton Real Return and Trojan funds. While the Jupiter fund made little return in the period we held it (since launch in December 2009), we viewed it as a defensive position with the fund positioned to perform strongly if the euro weakened significantly against sterling, for example. In the event, this defensiveness proved unnecessary since global markets continued to rise. Since our sale, Jupiter has announced a change of manager on the fund and also the removal of its unattractive performance fee structure. We will meet the new manager shortly and consider whether we wish to hold the fund again going forward.

Our patience with the Trust's position in the GLG Japan CoreAlpha fund was rewarded over the year to September with the fund up nearly 42%, well ahead of both the Japanese market and Japanese funds peer group. However, just as we continued to buy the fund in the summer of 2012 when most investors were highly sceptical, we have also taken profits as the fund rallied.

Richard Pease's Henderson European Special Situations fund also contributed strongly with a return of 27.6%. However, our position in the First State Asian Equity Plus fund had a tougher time as emerging markets fell sharply in late May and June to end the year up just 4%. We continue to rate this fund's manager, Martin Lau, highly and took the opportunity to top up the position on weakness.

We allowed the Trust's cash positions to run up towards the end of 2012 and into the first half of 2013 before we reinvested once more towards the end of the period. The Trust continues to offer exposure to a quality selection of income-oriented UK equity managers, selected overseas equity portfolios, experienced bond managers in charge of flexible funds and some diversified total return options. We believe this combination can offer investors a 'one-stop shop' portfolio able to continue to outperform over the long term.

The top ten purchases and all sales during the year were as follows:

Purchases	£'000
PSigma Income 'I' Inc	2,886
Fidelity MoneyBuilder Income	2,312
Trojan Fund	2,025
Newton Real Return	1,959
Kames Investment Grade Bond	1,800
Invesco Perpetual Income	1,668
M&G Optimal Income	1,551
Invesco Perpetual High Income	1,497
Artemis Income	1,415
M&G UK Inflation Linked Corporate Bond	1,101

Sales	£'000
PSigma Income 'R' Inc	2,858
Jupiter Absloute Return	1,446
GLG Japan CoreAlpha	602
Invesco Perpetual High Income	251
Old Mutual UK Dynamic Equity	101
Threadneedle UK Equity Alpha Income	101
Newton Real Return	86

Hargreaves Lansdown Fund Managers

1st October 2013

Risk profile

The primary risk facing the Trust is the risk that the value of investment holdings will fluctuate as a result of changes in market prices. The Trust's underlying investments may also be affected by currency movements, as assets may be denominated in currencies other than Sterling. Bank overdrafts can be used for short-term liquidity. Where investments are held in bond funds, they may contain exposure to both investment grade and non-investment grade bonds. Non-investment grade bonds carry a higher risk of default which can, in turn, affect the value of the Trust. A proportion of the charges of the Trust are taken from capital, which may increase the level of distributable revenue, but may erode capital growth. The Trust may hold derivatives solely for the purpose of efficient portfolio management and they are not intended to increase the risk profile of the Trust.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table

Net Asset Values

The net asset values for the last three annual accounting dates are:

Accounting Date	*Total Net Asset Value*	*Net Assets per Income Unit*	*Net Assets per Accumulation Unit*	*Number of Income Units in Issue*	*Number of Accumulation Units in Issue*
30/09/2011	£79,555,696	83.32p	100.26p	23,872,750	59,509,517
30/09/2012	£53,651,438	91.44p	113.50p	10,274,636	38,992,328
30/09/2013	£82,190,474	101.33p	129.77p	14,606,691	51,929,472

Distribution Record

Calendar Year	*Net per Income Unit p*	*Net per Accumulation Unit p*
2008	3.4908	3.6663
2009	3.9856	4.4095
2010	2.8999	3.3716
2011	2.7626	3.3061
2012	3.0594	3.7851
2013†	1.8981	2.4140

.† To 30th September 2013.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table (continued)

Performance Record

Units were first issued at £1 on 15th May 2006.

	Income Units		*Accumulation Units*	
	Highest Offer	*Lowest Bid*	*Highest Offer*	*Lowest Bid*
Calendar Year	*p*	*p*	*p*	*p*
2008	105.89	70.83	110.07	76.72
2009	87.88	67.73	99.40	73.69
2010	93.53	80.29	109.52	93.30
2011	95.00	81.57	113.62	98.62
2012	97.96	85.20	122.72	104.13
2013†	109.21	92.09	138.70	116.38

† To 30th September 2013.

Total Expense Ratio

	For the year ended 30/09/13	*For the year ended 30/09/12*
Manager's periodic charge	1.00%	1.00%
Other expenses	0.14%	0.11%
Total expense ratio	1.14%	1.11%
Expense on underlying investments	0.61%	0.64%
Synthetic Total Expense Ratio	**1.75%**	**1.75%**

The Total Expense Ratio (TER) is a figure representing the total operating costs as a percentage of the Trust's value. It includes the annual management fee as well as all of the administrative costs incurred by the Trust. The synthetic TER of the Trust includes the TER (or where available the Ongoing Charges Figure - OCF) of the underlying funds weighted on the basis of their investment proportion.

Portfolio Statement
As at 30th September 2013

Holding	Investment	Bid market valuation £'000	Percentage of total net assets %
	UK - 38.72% (39.12%)		
2,393,114	Artemis Income	4,755	5.79
1,419,879	Invesco Perpetual High Income	5,606	6.82
388,254	Invesco Perpetual Income	6,078	7.39
2,566,804	JO Hambro UK Equity Income	4,299	5.23
2,997,425	Marlborough Multi Cap Income	4,028	4.90
3,434,590	PSigma Income	2,976	3.62
6,259,178	Threadneedle UK Equity Alpha Income	4,084	4.97
		31,826	**38.72**
	Fixed Interest - 32.90% (32.81%)		
5,556,005	Fidelity MoneyBuilder Income	6,234	7.58
1,776,328	Invesco Perpetual Tactical Bond	2,070	2.52
3,910,727	Jupiter Strategic Bond	2,521	3.07
4,903,927	Kames Investment Grade Bond	5,327	6.48
3,245,798	M&G Optimal Income	4,538	5.52
3,502,953	M&G UK Inflation Linked Corporate Bond	3,928	4.78
2,172,719	Royal London Sterling Extra Yield Bond	2,424	2.95
		27,042	**32.90**
	Europe - 2.56% (2.47%)		
1,397,288	Henderson European Special Situations	**2,100**	**2.56**
	Total Return - 15.27% (15.62%)		
4,372,794	Artemis Strategic Assets†	3,281	3.99
3,163,881	Newton Real Return	3,691	4.49
775,008	Old Mutual UK Dynamic Equity	1,900	2.31
1,875,120	Trojan Fund	3,683	4.48
		12,555	**15.27**
	Asia/Emerging - 3.40% (3.54%)		
122,947	First State Asian Equity Plus	**2,793**	**3.40**
	Japan - 4.50% (4.54%)		
2,337,716	GLG Japan CoreAlpha	**3,696**	**4.50**

Portfolio Statement (continued)
As at 30th September 2013

	Bid market valuation £'000	*Percentage of total net assets %*
Portfolio of investments - 96.44% (98.10%)	**80,012**	**97.35**
Net other assets - 3.56% (4.39%)	2,178	2.65
Net assets	**82,190**	**100.00**

The percentages in brackets show the equivalent sector comparatives as at 30th September 2012.

All investments are in income shares/units unless otherwise stated.

† Accumulation shares/units.

HL Multi-Manager Income & Growth Trust

Investment objective

The investment objective of the Trust is to provide income and capital growth.

Investment policy

It is intended that the Trust will invest principally in collective investment schemes whose underlying investments consist of equities and/or fixed interest securities.

Subject to the Trust's investment objective as set out above, the additional asset classes in which the Trust may directly or indirectly invest include transferable securities, money market instruments and deposits to the extent permitted for non-UCITS Retail Schemes under the Financial Conduct Authority Rules. The Trust may invest in derivative instruments and forward transactions for the limited purposes of hedging.

Performance review

Over the twelve month period to 30th September 2013 the bid price of the accumulation units increased from 113.01 pence to 139.58 pence representing a positive return of 23.51%. Over the same period the IMA UK Equity Income peer group returned an average 20.53% and the FTSE All Share Index increased by 18.93%. Since the close of the initial offer period (18th October 2002) the bid price of the accumulation units has increased from 50 pence to 139.58 pence, a gain of 179.16%. Over the same period the IMA UK Equity Income peer group returned an average 143.20% and the FTSE All Share Index increased by 155.76%.

	30/09/08 to 30/09/09	*30/09/09 to 30/09/10*	*30/09/10 to 30/09/11*	*30/09/11 to 30/09/12*	*30/09/12 to 30/09/13*
HL Multi-Manager Income & Growth Trust	7.1%	10.7%	0.3%	16.5%	23.5%
IMA UK Equity Income	10.5%	9.8%	-2.5%	16.5%	20.5%
FTSE All Share Index	10.8%	12.5%	-4.4%	17.3%	18.9%

Past performance is not a guide to future returns.

Source for all figures: Lipper for Investment Management, bid to bid, including net income.

Market review

The twelve months to 30th September 2013 was generally a good period for global stockmarkets, including the UK, as investors brushed off assorted concerns over the global outlook. The Japanese market soared amid hopes the returning prime minister, Shinzo Abe, will rescue the country's economy from its malaise. The Japanese Topix Index return of 65% was tempered by sterling's strength versus the yen, however, and converted to just over 30% for a sterling-based investor.

Meanwhile, continental European equities also outperformed the UK stockmarket, which in turn still delivered a very attractive total return as noted above. In the US, the S&P 500 Index performed well, as concerns over potential tax hikes and debt-related issues were pushed further down the calendar. However, emerging market equities struggled, with the MSCI EM (Emerging Markets) Index up just over 1% in sterling terms.

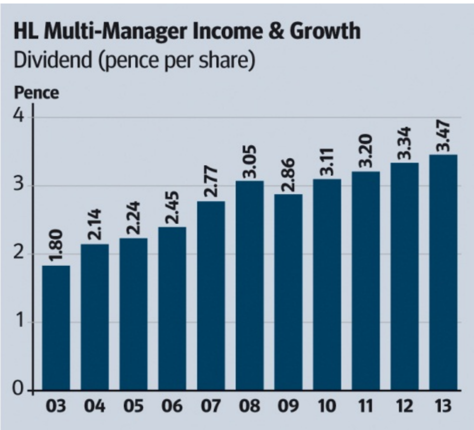
Portfolio review

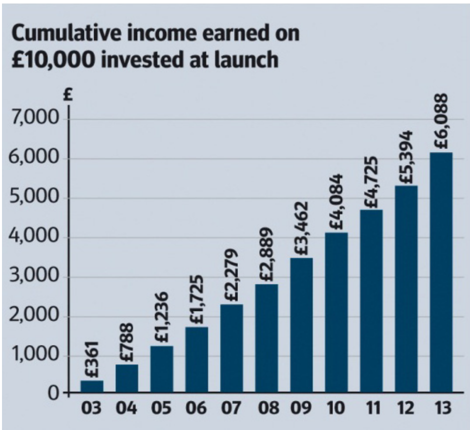
We are happy with our strong performance during what has been a positive period for stock markets over the last twelve months. Our focus however remains on the longer term results. The HL Multi-Manager Income & Growth Trust has now been in existence for over a decade. In this review we have taken the opportunity to look at the results over the longer term as well as looking in detail at what has happened over the Trust's financial year.

Our stated objective is to provide income and capital growth. Over 1, 3, 5, 10 years and since launch we have not only achieved this aim but have, at the same time, outperformed our peer group (IMA UK Equity Income) and the total return of the FTSE All Share Index.

	1 year return %	*3 years return %*	*5 years return %*	*10 years return %*	*Since launch return %*
HL Multi-Manager Income & Growth Trust	23.5%	44.3%	71.1%	148.0%	179.2%
IMA UK Equity Income	20.5%	36.9%	66.0%	119.5%	143.2%
FTSE All Share Index	18.9%	33.4%	66.2%	140.2%	155.8%

The benefit of equity income investing can be seen when we look specifically at the Trust's income record. The distribution to income unit holders has grown every year since launch with the exception of 2009 (left hand chart). The right hand chart highlights the cumulative income earned on £10,000 invested in the income units at inception. These figures relate to the calendar year the income was received by investors.





Income unit holders who purchased at launch and retained their holding have seen over 60% of their initial investment returned in the form of income. Over this period the income unit price has increased from 50 pence to 91.97 pence, indicating an 83.94% capital return in addition to the income received. This highlights the power of equity income investing. Not only is there the potential to increase the income received over time but also the capability to deliver capital appreciation.

Portfolio review (continued)

We remain vigilant of stock market behaviour and the potential for our chosen managers to deliver. Our preference is to invest with superior managers over the longer term but in reality things can change. The biggest risk is that our selected managers cease performing. Over the life of the Trust we have maintained a fairly constant exposure to the Invesco Perpetual and Artemis UK equity income funds. Both managers have delivered strong returns and are positioned 1st and 6th out of 47 funds within the sector since our launch, thereby warranting our long term commitment. Others have had to be sold as our conviction has waned or new funds have been introduced which we felt had improved prospects. Of the current UK equity income holdings, only the Invesco Perpetual and Artemis funds even existed at our launch.

Following the end of the financial year, it was announced that Neil Woodford, manager of the Invesco Perpetual Income and High Income fund will leave the group in April 2014 to launch his own fund management business. We are currently considering our position and will update clients during the next interim report.

We continue to manage the Trust actively and to these ends have made the following changes during the year. The first was to purchase Majedie UK Income in July 2013. We have invested in the team's main UK Equity fund within selected other HL Multi-Manager Trusts for a number of years and the results have been exceptional. The Income fund launched at the end of 2011 and we have been impressed with the early results. Our preference is for long track records but given the experience in the team we have decided to support the fund with approximately 5% of the Trusts' assets. If performance continues, as it has since our purchase, we would expect to increase our position accordingly. We also added to Marlborough Multi Cap Income and Threadneedle UK Equity Alpha Income which have continued to deliver strong returns. PSigma Income saw a major reduction in its weight with small decreases made to Artemis, Invesco Perpetual and Liontrust.

There are always disappointments and PSigma has again delivered relatively weak performance. We were however pleased to see the recent announcement that the group were to be acquired by Miton Group plc. We hope the team will benefit from the additional support and stock picking skills of the other fund managers but are monitoring the portfolio closely.

The strongest performance was delivered by GLG Japan CoreAlpha which returned 41.92% and a small reduction was made to the weight towards the end of the period. We are cognisant this is not a natural holding for an equity income fund and when we invest away from this area it is generally with a view to boosting capital or income returns. In this case we feel there remains the potential for significant capital appreciation but will continue to take profits should performance be maintained.

Once again JO Hambro and Marlborough led the UK funds in total returns. In addition to strong capital performance, both funds produced a significant increase in dividend distribution over the period. Threadneedle UK Equity Alpha Income also delivered significant outperformance. All these funds benefited from their high yield bias as well as focusing their exposure away from the largest stocks in the market, which have underperformed mid and smaller companies.

It is difficult to predict short term movements in markets however it would be easy to build a scenario where equities have a more challenging time after a strong five year run. That said, we still view equities as the asset of choice and believe the Trust can continue to deliver on its long term income and capital growth objectives.

The top ten purchases and all sales during the year were as follows:

Purchases	£'000
PSigma Income 'I' Inc	95,546
Majedie Asset Management UK Income	71,392
Artemis Income	63,351
JO Hambro UK Equity Income	48,726
Marlborough Multi Cap Income	47,470
Threadneedle UK Equity Alpha Income	44,442
Invesco Perpetual Income	39,209
Invesco Perpetual High Income	31,992
Liontrust Macro Equity Income	11,837
Newton Global Higher Income	11,718

Sales	£'000
PSigma Income 'R' Inc	97,045
PSigma Income 'I' Inc	24,078
GLG Japan CoreAlpha	6,056

Hargreaves Lansdown Fund Managers

1st October 2013

Risk profile

The primary risk facing the Trust is the risk that the value of investment holdings will fluctuate as a result of changes in market prices. The Trust's underlying investments may also be affected by currency movements, as assets may be denominated in currencies other than sterling. Bank overdrafts can be used for short-term liquidity. The Trust may have part of its portfolio invested in smaller companies, which are more volatile and sometimes more difficult to trade than larger companies. A proportion of the charges of the Trust are taken from capital, which may increase the level of distributable revenue, but may erode capital growth. The Trust may hold derivatives solely for the purpose of efficient portfolio management and they are not intended to increase the risk profile of the Trust.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table

Net Asset Values

The net asset values for the last three annual accounting dates are:

Accounting Date	*Total Net Asset Value*	*Net Assets per Income Unit*	*Net Assets per Accumulation Unit*	*Number of Income Units in Issue*	*Number of Accumulation Units in Issue*
30/09/2011	£691,846,120	69.11p	96.28p	613,971,694	277,862,315
30/09/2012	£918,598,411	77.04p	112.28p	780,994,094	282,243,399
30/09/2013	£1,475,675,190	91.43p	138.76p	1,047,033,415	373,607,111

Distribution Record

Calendar Year	*Net per Income Unit* *p*	*Net per Accumulation Unit* *p*
2008	3.0522	3.6244
2009	3.8187	4.8030
2010	3.1306	4.1530
2011	3.1893	4.4186
2012	3.3564	4.8645
2013†	2.4963	3.7517

† To 30th September 2013.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table (continued)

Performance Record

Units were first issued at £0.50 on 30th September 2002.

	Income Units		*Accumulation Units*	
	Highest Offer	*Lowest Bid*	*Highest Offer*	*Lowest Bid*
Calendar Year	*p*	*p*	*p*	*p*
2008	92.50	54.09	108.77	66.34
2009	74.19	53.43	95.54	65.57
2010	80.41	64.24	108.31	85.84
2011	82.17	66.09	113.78	92.06
2012	82.36	70.96	122.60	101.80
2013†	97.99	77.57	148.71	115.51

† To 30th September 2013.

Total Expense Ratio

	For the year ended 30/09/13	*For the year ended 30/09/12*
Manager's periodic charge	1.00%	1.00%
Other expenses	0.03%	0.03%
Total expense ratio	1.03%	1.03%
Expense on underlying investments	0.61%	0.67%
Synthetic Total Expense Ratio	**1.65%**	**1.70%**

The Total Expense Ratio (TER) is a figure representing the total operating costs as a percentage of the Trust's value. It includes the annual management fee as well as all of the administrative costs incurred by the Trust. The synthetic TER of the Trust includes the TER (or where available the Ongoing Charges Figure - OCF) of the underlying funds weighted on the basis of their investment proportion.

Portfolio Statement
As at 30th September 2013

Holding	*Investment*	*Bid market valuation £'000*	*Percentage of total net assets %*
	UK - 92.99% (92.26%)		
139,519,584	Artemis Income	277,211	18.79
51,516,649	Liontrust Macro Equity Income	91,468	6.20
36,149,992	Invesco Perpetual High Income	142,735	9.67
10,100,438	Invesco Perpetual Income	158,118	10.71
118,721,540	JO Hambro UK Equity Income	198,977	13.48
51,291,440	Majedie Asset Management UK Income	73,034	4.95
119,757,757	Marlborough Multi Cap Income	160,918	10.90
86,340,295	PSigma Income	74,797	5.07
298,722,568	Threadneedle UK Equity Alpha Income	194,887	13.22
		1,372,145	92.99
	Asia/Emerging - 2.17% (2.61%)		
1,412,438	First State Asian Equity Plus	32,088	2.17
	Global - 2.53% (2.59%)		
25,498,423	Newton Global Higher Income	37,348	2.53
	Japan - 1.99% (2.25%)		
18,574,922	GLG Japan CoreAlpha	**29,367**	**1.99**
	Portfolio of investments - 99.68% (99.71%)	**1,470,948**	**99.68**
	Net other assets - 0.32% (0.29%)	4,727	0.32
	Net assets	**1,475,675**	**100.00**

The percentages in brackets show the equivalent sector comparatives as at 30th September 2012.

All investments are in income shares/units.

HL Multi-Manager Special Situations Trust

Investment objective

The investment objective of the Trust is to provide long term capital growth.

Investment policy

It is intended that the Trust will invest principally in collective investment schemes whose underlying investments consist of equities and/or fixed interest securities.

Subject to the Trust's investment objective as set out above, the additional asset classes in which the Trust may directly or indirectly invest include transferable securities, money market instruments and deposits to the extent permitted for non-UCITS Retail Schemes under the Financial Conduct Authority Rules. The Trust may invest in derivative instruments and forward transactions for the limited purposes of hedging.

The Trust will invest principally in funds of boutique fund management groups, defined as fund management operations where the portfolio managers have a clear and substantial financial interest in the performance of their portfolios and/or the fund management group. More traditional fund management operations will be used in certain circumstances.

Performance review

Over the twelve month period to 30th September 2013, the bid price of the Trust's accumulation units increased from 185.35 pence to 231.33 pence, a rise of 24.81%. Over the same period the IMA Global peer group returned an average 19.00%, the FTSE All Share Index increased by 18.93% and the FTSE World ex UK Index increased by 19.21%.

Since the close of the initial offer period (3rd April 2001) the bid price has increased from 100 pence to 231.33 pence, a rise of 131.33%. Over the same period the IMA Global peer group returned an average 61.55%, the FTSE All Share Index has increased by 99.79% and the FTSE World ex UK Index has increased by 88.61%.

	30/09/08 to 30/09/09	*30/09/09 to 30/09/10*	*30/09/10 to 30/09/11*	*30/09/11 to 30/09/12*	*30/09/12 to 30/09/13*
HL Multi-Manager Special Situations Trust	11.9%	11.7%	-3.3%	11.4%	24.8%
IMA Global	12.3%	8.4%	-4.9%	13.0%	19.0%
FTSE All Share Index	10.8%	12.5%	-4.4%	17.3%	18.9%
FTSE World ex UK Index	12.0%	9.5%	-4.0%	17.8%	19.2%

Past performance is not a guide to future returns.

Source for all figures: Lipper for Investment Management, bid to bid, including net income.

Market review

The twelve months to 30th September 2013 was generally a good period for global stockmarkets, as investors brushed off assorted concerns over the global outlook. The Japanese market soared amid hopes the returning prime minister, Shinzo Abe, will rescue the country's economy from its malaise. The Japanese Topix Index return of 65% was tempered by sterling's strength versus the yen, however, and converted to just over 30% for a sterling-based investor.

Meanwhile, continental European equities also outperformed the UK stockmarket, which in turn still delivered a very attractive total return as noted above. In the US, the S&P 500 Index performed well, as concerns over potential tax hikes and debt-related issues were pushed further down the calendar. However, emerging market equities struggled, with the MSCI EM (Emerging Markets) Index up just over 1% in sterling terms.

Portfolio review

We are pleased to report strong performance for the year under review with the Trust comfortably ahead of its peer group and reference indices. The sizeable return reported for the first half of the period was added to in the second half, despite higher levels of stockmarket volatility.

Impressive performance was generated across the portfolio with the underlying fund managers in aggregate adding value. The Japanese allocation along with the Trust's UK holdings, especially those biased towards smaller and medium-sized companies, proved particularly advantageous.

GLG Japan CoreAlpha and the two portfolios managed by the UK mid and smaller company team at Old Mutual produced the highest returns and outperformed relevant indices. They have been well represented in the Trust for a number of years and exemplify the type of managers with whom we seek to invest; those with experience who have demonstrated an ability to add value within their particular area of the market. Once selected, we typically build up meaningful positions and aim to hold for the medium-to-long-term.

Henderson European Special Situations and Odey Allegra International were also major positive contributors. Both positions were added to during the period. We continued to switch from Marlborough Special Situations into Marlborough UK Micro Cap Growth, as reported in the interim commentary. The Micro Cap holding initially lagged the smaller company market but the Trust benefited from explosive performance during the third quarter of 2013.

The emerging market allocation was the key detractor from performance since emerging markets as a whole lagged developed markets. Three of the four funds here outperformed fair benchmarks, with just First State Asia Pacific Leaders behind its benchmark. We have re-visited this section of the portfolio and while it has proved a headwind over the short-term, we feel each manager deserves a position in the Trust. Indeed, we added to these holdings during the year. This emphasises our approach, which is primarily to allocate capital to value adding fund managers, rather than to target a particular geographic mix.

During the period we redeemed our remaining units in Franklin UK Select Growth. Over the last few years the manager became more cautious in his economic outlook and consequently moved the portfolio away from areas where he has traditionally added value. In our opinion, this made future positive stock selection more difficult to achieve.

Portfolio review (continued)

We took a position in Aberdeen Global - Asian Smaller Companies. This provides exposure to a skilled team who have added considerable value over time. We firmly believe experienced and well-resourced teams have the ability to uncover highly profitable investments from these less efficient parts of the market. The purchase was funded by the sale of Franklin UK Select Growth and small reductions in a number of other holdings.

In other activity, the position in Saracen Growth was reduced into a period of strong performance. We added to several existing holdings including Findlay Park American and Majedie UK Equity. We also took advantage of volatility in the Japanese stockmarket by adding to our Japanese holdings after weaker periods of performance and reducing after stronger periods.

Stockmarkets have generally risen strongly since the last review; however, we continue to believe equities as an asset class are attractively valued. We feel the Trust has a strong line-up of fund managers able to take advantage of the opportunities on offer.

The top ten purchases and sales during the year were as follows:

Purchases	**£'000**
Majedie UK Equity 'X' Acc	42,999
Aberdeen Global Asian Smaller Companies	29,879
Marlborough UK Micro-Cap Growth	27,484
Traditional Funds Plc Eastern European	11,494
First State Asia Pacific Leaders	10,333
Findlay Park American	9,828
Odey Allegra International	9,684
Franklin UK Mid Cap	7,710
GLG Japan CoreAlpha	6,985
Invesco Perpetual High Income	6,724

Sales	**£'000**
Majedie UK Equity 'A'Acc	34,777
Marlborough Special Situations	23,981
Franklin UK Select Growth	12,067
Saracen Growth	11,145
GLG Japan CoreAlpha	5,602
Neptune European Opportunities	4,691
Melchior Japan Advantage	3,600
Traditional Funds Plc Eastern European	3,024
Comgest Growth Emerging Markets	2,022
Henderson European Special Situations	1,249

Hargreaves Lansdown Fund Managers

1st October 2013

Risk profile

The primary risk facing the Trust is the risk that the value of investment holdings will fluctuate as a result of changes in market prices. The Trust's underlying investments may also be affected by currency movements, as assets may be denominated in currencies other than sterling. Bank overdrafts can be used for short-term liquidity. The Trust may have part of its portfolio invested in emerging markets, which are generally less well regulated than the UK, and may therefore be exposed to higher risks than investing in larger more established markets. The Trust may have part of its portfolio invested in smaller companies, which are more volatile and sometimes more difficult to trade than larger companies. The Trust may hold derivatives solely for the purpose of efficient portfolio management and they are not intended to increase the risk profile of the Trust.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table

Net Asset Values

The net asset values for the last three annual accounting dates are:

Accounting Date	*Total Net Asset Value*	*Net Assets per Unit*	*Number of Accumulation Units in Issue*
30/09/2011	£445,552,623	166.41p	267,748,646
30/09/2012	£485,087,092	185.35p	261,708,357
30/09/2013	£687,295,183	231.34p	297,087,443

Distribution Record

Calendar Year	*Net per Accumulation Unit p*
2008	0.3740
2009	0.8530
2010	0.4126
2011	0.4340
2012	0.7498
2013†	0.5360

† To 30th September 2013.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table (continued)

Performance Record

Units were first issued at £1 on 3rd April 2001.

	Accumulation Units	
	Highest Offer	*Lowest Bid*
Calendar Year	*p*	*p*
2008	188.59	107.33
2009	167.67	107.06
2010	199.94	152.69
2011	206.90	160.19
2012	205.69	169.44
2013†	246.70	194.83

† To 30th September 2013.

Total Expense Ratio

	For the year ended 30/09/13	*For the year ended 30/09/12*
Manager's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Total expense ratio	1.04%	1.04%
Expense on underlying investments	0.84%	0.83%
Synthetic Total Expense Ratio	**1.88%**	**1.87%**

The Total Expense Ratio (TER) is a figure representing the total operating costs as a percentage of the Trust's value. It includes the annual management fee as well as all of the administrative costs incurred by the Trust. The synthetic TER of the Trust includes the TER (or where available the Ongoing Charges Figure - OCF) of the underlying funds weighted on the basis of their investment proportion.

Portfolio Statement
As at 30th September 2013

Holding	Investment	Bid market valuation £'000	Percentage of total net assets %
	UK - 34.83% (37.45%)		
6,553,356	Franklin UK Mid Cap†	28,166	4.10
8,010,651	Invesco Perpetual High Income	53,732	7.82
38,728,246	Majedie UK Equity	50,587	7.36
1,984,430	Marlborough Special Situations	17,115	2.49
12,330,898	Marlborough UK Micro-Cap Growth	44,200	6.43
5,513,606	Old Mutual UK Smaller Companies Focus†	38,841	5.65
2,259,068	Saracen Growth	6,758	0.98
		239,399	**34.83**
	Europe - 11.98% (13.61%)		
33,183,667	Henderson European Special Situations	54,786	7.97
6,445,072	Neptune European Opportunities	27,598	4.01
		82,384	**11.98**
	Total Return - 11.12% (10.20%)		
295,411	Odey Allegra International†	48,634	7.08
11,331,534	Old Mutual UK Dynamic Equity†	27,775	4.04
		76,409	**11.12**
	Asia/Emerging - 22.51% (19.97%)		
1,106,553	Aberdeen Global Asian Smaller Companies	30,740	4.47
1,239,643	Comgest Growth Emerging Markets	25,093	3.65
11,889,168	First State Asia Pacific Leaders	51,248	7.46
906,424	Traditional Funds Plc Eastern European†	47,654	6.93
		154,735	**22.51**
	Japan - 10.63% (10.61%)		
48,903,031	GLG Japan CoreAlpha	52,766	7.68
14,385,443	Melchior Japan Advantage	20,270	2.95
		73,036	**10.63**
	US - 8.24% (7.70%)		
1,386,406	Findlay Park American†	**56,632**	**8.24**

Portfolio Statement (continued)
As at 30th September 2013

	Bid market valuation £'000	*Percentage of total net assets %*
Portfolio of investments - 99.31% (99.54%)	**682,595**	**99.31**
Net other assets - 0.69% (0.46%)	4,700	0.69
Net assets	**687,295**	**100.00**

The percentages in brackets show the equivalent sector comparatives as at 30th September 2012.

All investments are in accumulation shares/units unless otherwise stated.

† Income shares/units.

HL Multi-Manager Strategic Bond Trust

Investment objective

The investment objective of the Trust is to maximise total returns principally in the form of income.

Investment policy

It is intended that the Trust will invest principally in collective investment schemes whose underlying investments consist of floating and fixed interest securities.

The Trust may directly or indirectly invest in other assets including transferable securities, money market instruments and deposits to the extent permitted for non-UCITS Retail Schemes under the Financial Conduct Authority Rules. The Trust may invest in derivative instruments and forward transactions for the limited purposes of efficient portfolio management including hedging.

The Trust has the flexibility to hold a broad spectrum of fixed interest including funds invested into UK corporate bonds, UK high yield bonds, non-UK sovereign bonds, non-UK corporate bonds, convertible bonds, preference shares, gilts and index linked gilts along with individual gilts, individual index linked gilts and cash. The Trust will use this flexibility to seek to achieve the goals above.

This broad strategy currently means the Trust will be included within the Investment Management Association's (IMA) £ Strategic Bond sector. The eligibility criteria currently states the Trust should invest at least 80% of its assets in Sterling denominated (or hedged back to Sterling) fixed interest securities. This includes convertibles, preference shares and Permanent Interest Bearing Shares (PIBS). At any point in time the asset allocation of the Trust could theoretically place the Trust in one of the other IMA fixed interest sectors. The Trust will remain in this sector on these occasions since it is the manager's stated intention to retain the right to invest across the Sterling fixed interest credit risk spectrum.

Performance review

Over the twelve month period to 30th September 2013 the bid price of the Trust's accumulation units has increased from 148.64 pence to 156.42 pence, a rise of 5.23%. Over the same period the IMA £ Strategic Bond peer group returned an average 4.27%, the Bank of England's base rate delivered a 0.40% return, the FTSE A British Government All Stocks Index fell by 3.70% and the Markit iBoxx Sterling Corporates Index increased by 3.21%.

Since close of the initial offer period (2nd February 2009) the bid price of the accumulation units has increased from 100 pence to 156.42 pence, a rise of 56.42%. Over the same period the IMA £ Strategic Bond peer group returned an average 55.90%, the Bank of England's base rate delivered 1.91%, the FTSE A British Government All Stocks Index increased 23.40% and the Markit iBoxx Sterling Corporates Index increased by 52.53%.

Performance review (continued)

	*30/09/08 to 30/09/09**	*30/09/09 to 30/09/10*	*30/09/10 to 30/09/11*	*30/09/11 to 30/09/12*	*30/09/12 to 30/09/13*
HL Multi-Manager Strategic Bond Trust	-	12.7%	-1.7%	12.7%	5.2%
IMA £ Strategic Bond	-	11.0%	-2.1%	12.4%	4.3%
Markit iBoxx Sterling Corporates Index	-	11.4%	-1.6%	15.0%	3.2%
FTSE A British Government All Stocks Index	-	6.3%	6.9%	7.5%	-3.7%
Bank of England Base Rate	-	0.4%	0.4%	0.4%	0.4%

* Fund was launched on 2nd February 2009, therefore no comparative figures are available for this period.

Past performance is not a guide to future returns.

Source for all figures: Internal/Lipper for Investment Management, bid to bid, including net income.

Market review

The twelve months to 30th September 2013 was generally a good period for global stockmarkets, as investors brushed off assorted concerns over the global outlook. The Japanese market soared amid hopes the returning prime minister, Shinzo Abe, will rescue the country's economy from its malaise. The Japanese Topix Index return of 65% was tempered by sterling's strength versus the yen, however, and converted to just over 30% for a sterling-based investor.

Meanwhile, continental European equities also outperformed the UK stockmarket, which in turn still delivered a very attractive total return as noted above. In the US, the S&P 500 Index performed well, as concerns over potential tax hikes and debt-related issues were pushed further down the calendar. However, emerging market equities struggled, with the MSCI EM (Emerging Markets) Index up just over 1% in sterling terms.

The bond markets presented a more mixed picture, with initial positivity later replaced by concerns over the potential slowdown of bond purchases by the US central bank.

The UK government bond (gilts) market succumbed, leaving investors down for the period as a whole even after accounting for interest payments along the way. Once more, emerging markets suffered with these markets' debt losing money. Higher yielding bonds issued in euros/sterling managed to buck this trend and deliver double digit total returns, as bond investors were less worried about the risk of default.

Portfolio review

The twelve months to 30th September 2013 might be best considered in two parts. Initially, corporate bonds performed very well and continued their general onward charge since the market's low in March 2009. However, by May 2013 the bond markets had become distinctly more troubled, with losses the norm rather than the exception.

Portfolio review (continued)

Across the entire period, there were worries over when (rather than whether) the yield on government bonds might rise towards more normal levels. Amid this concern, the main UK government bond index was volatile. As May arrived Ben Bernanke, chairman of the Federal Reserve, warned the markets to expect the US central bank to begin to reduce the pace at which it bought up US government and mortgage-related bonds. This announcement spooked global bond markets and the main UK gilts index dropped more than 6% over the following months (Source: Lipper for Investment Management). However, bond markets recovered a little of their poise just before the end of the period as Bernanke rowed back on his original message.

Against this fairly eventful backdrop, we are pleased to report the Trust delivered a respectable total return for clients and outperformed each of the key yardsticks we consider. While the Trust delivered steady returns in a strongly rising market, its relatively defensive position better protected clients' assets as bond markets tumbled.

The fall in gilt prices led to a corresponding increase in gilt yields, as bond prices and yields move inversely. Despite the falls, we still see little value in the gilts market, although we are a bit more relaxed than we were. The Trust has no direct exposure to the gilt market, either through gilt funds or holdings of individual gilts but it does own gilts indirectly through the portfolio of bond funds held. The gilts owned are predominantly short-dated, index-linked, government bonds held by the M&G UK Inflation-Linked Corporate Bond fund to protect against the risk of an inflation shock (this holding represents some 15% of the portfolio). While gilts in general struggled, this fund performed well and only a very modest and temporary loss interrupted its delivery of a total return of nearly 6% over the year.

At the start of October 2012 the Trust was essentially fully invested in the bond market. However, as prices continued to rise we began to let the Trust's cash position increase moderately to reach 5-6% by the end of April. We have since reinvested most of this, primarily into the Invesco Perpetual Tactical Bond fund. This fund, run by two highly experienced bond specialists, is well positioned to take advantage of opportunities with the managers investing off the front foot.

We retain our preference for more flexible 'strategic' bond funds over mainstream corporate bond funds. These have generally benefited from less direct exposure to the gilts market and more exposure to high yield corporate bonds. The latter segment of the bond market has performed strongly, as investors have been less worried about the risk of default on these bonds against an improving economic backdrop. We reduced our exposure to the Royal London Sterling Extra Yield Bond and Artemis Strategic Bond funds, both with relatively large exposure to high yield bonds, over the 12 months under review.

We still see little chance of interest rates rising notably in the UK any time soon. Mark Carney, the new governor of the Bank of England, has suggested the UK's base rate is unlikely to rise before 2016, although the market seems to expect the first rise in 2015. However, gilt yields may rise once more, even in the absence of an interest rate rise, as investors continue to grapple with how bond markets return to normality.

At present we see yields on corporate debt as acceptable rather than especially attractive. As such, we expect to continue to run the Trust's portfolio on a relatively defensive basis.

The top ten purchases and all sales during the year were as follows:

Purchases	£'000
Invesco Perpetual Tactical Bond	22,491
Jupiter Strategic Bond	20,196
Kames Investment Grade Bond	20,024
M&G UK Inflation Linked Corporate Bond	13,002
Fidelity MoneyBuilder Income	12,998
Royal London Sterling Extra Yield Bond	7,715
M&G Optimal Income	7,505
M&G Strategic Corporate Bond	5,003
Artemis Strategic Bond	1,922

Sales	£'000
Royal London Sterling Extra Yield Bond	11,814
Jupiter Strategic Bond	6,303
Artemis Strategic Bond	5,249
Fidelity MoneyBuilder Income	5,000
Invesco Perpetual Tactical Bond	4,000
M&G Strategic Corporate Bond	2,003

Hargreaves Lansdown Fund Managers

1st October 2013

Risk profile

The primary risk facing the Trust is the risk that the value of investment holdings will fluctuate as a result of changes in market prices. The Trust's underlying investments may also be affected by currency movements, as assets may be denominated in currencies other than Sterling. Bank overdrafts can be used for short-term liquidity. Where investments are held in bond funds, they may contain exposure to both investment grade and non-investment grade bonds. Non-investment grade bonds carry a higher risk of default which can, in turn, affect the value of the Trust. The Trust may hold derivatives solely for the purpose of efficient portfolio management and they are not intended to increase the risk profile of the Trust.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table

Net Asset Values

The net asset values for the last three annual accounting dates are:

Accounting Date	*Total Net Asset Value*	*Net Assets per Income Unit*	*Net Assets per Accumulation Unit*	*Number of Income Units in Issue*	*Number of Accumulation Units in Issue*
30/09/2011	£349,069,894	120.61p	131.35p	167,935,703	111,555,893
30/09/2012	£470,449,794	131.96p	148.11p	258,404,573	87,410,438
30/09/2013	£571,551,828	135.46p	155.79p	311,479,122	96,045,279

Distribution Record

Calendar Year	*Net per Income Unit p*	*Net per Accumulation Unit p*
2009*	3.8666	3.9154
2010	4.2609	4.4665
2011	3.9934	4.3277
2012	3.5536	3.9712
2013†	2.1565	2.4644

* From 2nd February 2009 to 31st December 2009.

† To 30th September 2013.

Net Asset Value Per Unit, Distribution Record, Performance Record and Comparative Trust Expense Table (continued)

Performance Record

Units were first issued at £1 on 2nd February 2009.

	Income Units		*Accumulation Units*	
	Highest Offer	*Lowest Bid*	*Highest Offer*	*Lowest Bid*
Calendar Year	*p*	*p*	*p*	*p*
2009*	123.86	97.19	126.79	97.19
2010	131.63	118.07	139.55	122.22
2011	132.22	119.60	142.48	130.90
2012	136.62	121.99	153.34	134.97
2013†	143.38	133.23	163.82	152.49

* From 2nd February 2009 to 31st December 2009.

† To 30th September 2013.

Total Expense Ratio

	For the year ended 30/09/13	*For the year ended 30/09/12*
Manager's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Total expense ratio	1.04%	1.04%
Expense on underlying investments	0.54%	0.57%
Synthetic Total Expense Ratio	**1.58%**	**1.61%**

The Total Expense Ratio (TER) is a figure representing the total operating costs as a percentage of the Trust's value. It includes the annual management fee as well as all of the administrative costs incurred by the Trust. The synthetic TER of the Trust includes the TER (or where available the Ongoing Charges Figure - OCF) of the underlying funds weighted on the basis of their investment proportion.

Portfolio Statement
As at 30th September 2013

Holding	Investment	Bid market valuation £'000	Percentage of total net assets %
	Fixed Interest - 97.43% (99.38%)		
48,491,964	Artemis Strategic Bond	25,778	4.51
75,196,512	Fidelity MoneyBuilder Income	84,446	14.77
88,115,589	Invesco Perpetual Tactical Bond	51,389	8.99
95,755,258	Jupiter Strategic Bond	61,733	10.80
79,866,542	Kames Investment Grade Bond	86,752	15.18
41,158,614	M&G Optimal Income	57,548	10.07
83,337,285	M&G Strategic Corporate Bond	58,369	10.21
76,560,809	M&G UK Inflation Linked Corporate Bond	85,855	15.02
40,341,433	Royal London Sterling Extra Yield Bond	45,013	7.88
		556,883	**97.43**
	Portfolio of investments - 97.43% (99.38%)	**556,883**	**97.43**
	Net other assets - 2.57% (0.62%)	14,669	2.57
	Net assets	**571,552**	**100.00**

The percentages in brackets show the equivalent sector comparatives as at 30th September 2012.
All investments are in income shares/units.

General Information for all Trusts

Accounting Periods:	*Distribution Dates:*
First interim - 31st December†	First interim - 28th February†
Interim - 31st March	Interim - 31st May
Third interim - 30th June†	Third interim - 31st August†
Final - 30th September	Final - 30th November

Report and Financial Statements

The full reports and financial statements for each Multi-Manager Unit Trust are available on our website: **www.hl.co.uk** or by telephone on **0117 900 9000.**

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Trustee and Depositary Services
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Fax: 020 7982 3924

Auditors:

Ernst & Young LLP
1 More London Place
London SE1 2AF

† Income & Growth Trust, Equity & Bond Trust and Strategic Bond Trust only.

Important Investment Notes

The price of units and also the revenue from them can go down as well as up and you may get back less than you invested. Because stock market prices can go down as well as up, investment in a unit trust must be regarded as long-term, and is not suitable for funds which may be needed at short notice.

Past performance is not a guide to future performance. Neither income nor capital are guaranteed or fixed. Where returns have been quoted, investors may not receive the actual return due to the spread and dealing charges.

The Trust may have part of its portfolio invested in overseas holdings and may therefore be exposed to currency movements.

Changes in interest rates in the market selected could affect the capital value of your units.

Where investments are held in bond funds, these may contain exposure to both investment grade and non-investment grade bonds. Non-investment grade bonds carry a higher risk of default which can, in turn, affect the value of the Trust.

This document is provided solely to enable investors to make their own investment decisions. It is not personal advice. These investments are not suitable for everyone. If you are in any doubt about suitability, you should seek expert advice. Please ensure you read the full Key Features before placing any investment instruction.

The Key Features for the Trust are published on Hargreaves Lansdown's website, www.hl.co.uk/funds/multi-manager-funds. Copies may be obtained from Hargreaves Lansdown Fund Managers Limited, P.O. Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG or directly from the Manager - Hargreaves Lansdown Fund Managers Limited, One College Square South, Anchor Road, Bristol, BS1 5HL.

Hargreaves Lansdown Multi-Manager Unit Trusts

Manager's Annual Short Report

for the year ending 30th September 2013

Hargreaves Lansdown