

**KEY FEATURES**  
**(incorporating the Simplified Prospectus) of**  
**THE HARGREAVES LANSDOWN MULTI-MANAGER**  
**SPECIAL SITUATIONS TRUST**



**Last updated: 16 March 2017**

The Financial Conduct Authority (FCA) is the independent financial services regulator. It requires us, Hargreaves Lansdown Fund Managers Limited (HLFM), to give you this important information to help you to decide whether our Multi-Manager Special Situations Trust (the Fund) is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

**ITS AIMS**

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

The Fund will invest principally in collective investment schemes, the underlying investments of which consist of equities and/or floating and fixed interest securities. The Fund will invest in accordance with the FCA Rules for Non-UCITS Retail Schemes. Subject to these Rules, the underlying funds in which the Fund will invest will generally be established in Europe (including the UK, Jersey and Guernsey).

The Fund has the flexibility to hold a broad spectrum of equity funds, although the Fund will invest principally in the 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. The Fund may also have exposure to overseas and emerging markets.

The Fund has an unconstrained equity focus and should invest at least 80% in equities both in the UK and overseas.

Subject to the investment objective above and the Rules for Non-UCITS Retail Schemes, the other permitted investments in which the Fund may directly or indirectly invest include deposits, transferable securities and money market instruments. The Fund may use derivative instruments and forward transactions for the limited purposes of efficient portfolio management, including hedging. Further details of the Fund's investment and borrowing powers are set out in Schedule 1 of the full Prospectus.

**YOUR INVESTMENT**

The minimum initial investment is £2500, with minimum top-up investments of £500. If you invest via a platform or other nominee it may be possible to invest smaller amounts, including through a regular savings plan. Units in the Fund are eligible investments for a Stocks and Shares ISA (Individual Savings Account).

There is no minimum length of investment but you should generally expect to hold your investment for at least five years. You can however sell units at any time. If the value of units you wish to sell leaves you with a holding worth less than £500 we may ask you to sell all of your units.

**RISK FACTORS**

**You should be aware of the key risks involved in investing in this Fund.** Further details can be found in the Prospectus. Other considerations are covered in the Questions and Answers sections.

- The price of stock market investments can go down as well as up. This could happen to individual securities, or to a market (such as the UK equity market) as a whole.

- This means **the value of your investment in the Fund can go down as well as up, and you may get back less than you invested, so investment is not suitable for money which may be needed at short notice.**
- Economic factors such as changes in interest rates, inflation and supply and demand can affect the price of all investments, and so affect the value of your investment in the Fund.
- The Fund may invest in smaller companies, which are more volatile and sometimes more difficult to trade than larger companies.
- The Fund may invest in emerging markets which are generally less well regulated than the UK. There is an increased chance of political and economic instability with less reliable custody, dealing and settlement arrangements. The market(s) can also be less liquid.
- The Fund may invest in overseas holdings and so will be exposed to currency movements. Changes in economic conditions, interest rates, and so on in the overseas market selected could affect the value of your investment in the Fund.
- In extreme liquidity conditions, redemptions in the underlying funds, and/or the Fund itself, may need to be deferred or suspended. More information on this is provided under 'AIFMD and Other Questions and Answers' below.
- The Fund is valued using the latest available price for each collective investment scheme. These prices may not fully reflect changing market conditions. The Fund can apply a 'fair value price' to all or part of its portfolio to mitigate this risk.
- The Fund may use derivatives for efficient portfolio management purposes. There is a risk that any counterparty used does not fulfil its obligation.
- Past performance is not necessarily a guide to future performance.
- As with any investment, inflation will reduce the real value (i.e. purchasing power) of the capital over time.
- Any tax features of your investment in the Fund are not guaranteed: they can change at any time and their value will depend on your circumstances.

## OTHER IMPORTANT INFORMATION

**Fund Status and Launch Date:** The Fund is an Authorised Unit Trust registered in the UK, and was launched on 3 April 2001.

**Fund Manager:** Hargreaves Lansdown Fund Managers Ltd (HLFM), One College Square South, Anchor Road, Bristol BS1 5HL who is authorised and regulated by the Financial Conduct Authority.

**Trustee/Depositary:** Northern Trust Global Services Limited (NTGSL), 50 Bank Street, Canary Wharf, London E14 5NT. NTGSL is authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and the PRA.

**Fund Registrar:** Northern Trust Global Services Limited, 50 Bank Street, London E14 5NT. The Registrar is authorised by the PRA and regulated by the FCA and the PRA.

**Fund Auditors:** Ernst & Young Chartered Accountants, 25 Churchill Place, London E14 5EY.

## Jurisdiction and Governing Law

These Key Features (incorporating the Simplified Prospectus) are governed by English Law. HLFM will communicate with you in English (and you with us) in respect of this product.

The Fund is categorised as an Alternative Investment Fund (AIF) under the Alternative Investment Fund Managers Directive (AIFMD). HLFM undertakes portfolio and risk management for the Fund and is therefore an Alternative

Investment Fund Manager (AIFM). HLFM will manage the Fund in accordance with the provisions of the AIFMD texts, the AIFMD UK Regulations 2013, and applicable FCA regulations under the Financial Services and Markets Act 2000.

## **KEY QUESTIONS AND ANSWERS**

### **What is an Authorised Unit Trust?**

A Unit Trust is an investment allowing investors to pool their money into a single fund which then spreads the risk by investing in a range of securities and other assets. The assets are held in trust by a Trustee, who has a duty of oversight over the activities of the Manager. The Manager operates the unit trust. For an Authorised Unit Trust, both the Trustee and the Manager must be authorised by the FCA and both these parties and the Fund itself are governed by FCA regulations.

### **How is the value of the Fund calculated / what price will I pay or receive?**

On each normal business day, two prices are quoted for the Fund – the offer (buying) and the bid (selling) price of the units. These are calculated by reference to the underlying market value of the net assets of the Fund at that day's valuation point (the Net Asset Value). The difference between these two prices is called the 'spread' and is made up of the initial charge, the difference between the buying and selling price of the underlying holdings, and other costs incurred by the Fund.

All instructions to buy or sell units in the Fund are placed on a forward-pricing basis, i.e. they will be dealt at the next valuation point following the receipt of your instruction. For this reason investors will not know the price they will pay or receive until after the deal is completed. 11:00 is the Fund's valuation point and so instructions received by this time will go through at that day's valuation point and so at that day's offer (buying) or bid (selling) price.

Further detail on the Fund's valuation policy can be found in the Prospectus.

### **Does the Fund have more than one unit class?**

The Fund has Class A and Class M accumulation unit classes in issue.

Class M units are intended for unitholders who have entered into a separate agreement with Hargreaves Lansdown Asset Management in relation to the holding of such units via a managed service on the Vantage Platform. There is no other material difference between the Class A and the Class M unit classes. The information contained in this document is representative of both Class A and Class M unit classes.

Unitholders are entitled (subject to certain restrictions) to convert all or part of their units in a class for units in another class within the Fund. Details of this conversion facility are set out in the Prospectus.

### **How do I invest?**

You can invest directly or via your platform or other nominee. Once your instructions have been received units will be bought for you at the offer price at the next available valuation point.

To invest directly you may write to Hargreaves Lansdown, PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG, or call 0333 3000 360. If investing directly, the dealing lines are open from 9am to 5pm on each normal business day. Instructions will be placed at the next available valuation point after they have been received.

If you invest via a platform or other nominee you will need to refer to their procedures and contact details for investing. In particular you should note that they may set an earlier cut-off time (i.e. earlier than 11:00) for submitting instructions for inclusion at a particular day's valuation point.

### **What documentation will I receive after I invest?**

Contract notes will confirm the details of your investment including the price at which you bought your units, and are sent on the next business day after the valuation point at which your deal was placed. If you invest via a platform or other nominee they will forward this to you. You will not receive a certificate and therefore you should keep your contract note safe as this is evidence of your holding.

### How do I monitor my investment?

Details of the latest buying and selling prices and estimated net yield are quoted in the Financial Times and on our website [www.hl.co.uk](http://www.hl.co.uk).

You will receive a half-yearly statement showing the valuation of your holdings, and also the Fund's Annual Report. The Annual Report gives current details of the Fund's portfolio of investments, updated past performance data and commentary from the Fund Manager on the Fund's performance. If you invest via a platform or other nominee you may be provided with the Annual Report electronically.

### How can I find past performance information?

Past performance data can be found in the Fund's Annual Report or on our website at [www.hl.co.uk](http://www.hl.co.uk). Once on the website, select the 'Fund prices & research' tab and then the 'HL Multi-Manager Funds' tab. Once there, by selecting the Fund you will be taken to its factsheet. Past performance is not necessarily a guide to future performance.

### How can I obtain the Annual Reports for the Fund?

These can be obtained free of charge directly from Hargreaves Lansdown Fund Managers Ltd, either from our website [www.hl.co.uk](http://www.hl.co.uk) or by calling us on 0117 900 9000.

### Do I receive income?

Only accumulation units are currently in issue. Where you hold accumulation units income will be accumulated within the Fund and you will not receive an income. The income reinvestment dates for the Fund are detailed below.

<i>Income reinvestment dates</i>	
<b>1 April</b>	<b>1 October</b>

### How do I sell?

You can sell direct holdings over the telephone by calling 0333 3000 360 or by sending a written instruction to Hargreaves Lansdown, PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG. Once your instruction is received your units will be sold at the bid price at the next available valuation point. A contract note will be issued to you on the following business day along with a form of renunciation for you to sign and return. Once this is received, the sale proceeds will be issued to you within four working days.

If you have invested via a platform or other nominee you will need to refer to their procedures and contact details for selling your units and withdrawing the proceeds. Again you should note that they may set an earlier cut-off time (i.e. earlier than 11:00) for submitting instructions for inclusion at a particular day's valuation point.

### Can I change my mind after I have invested?

You will have 14 days from the date the contract is concluded to exercise your right to cancel. This means that you may cancel your investment by sending written notice to us at the address in the above answer. If you exercise your right to cancel, you will not get a full refund of the money you paid in, if the value of the investment falls before the cancellation notice is received by Hargreaves Lansdown, because an amount equal to that fall in value will be deducted from any refund you would otherwise receive.

If you have invested via a platform or other nominee you should refer to their cancellation policy.

### What are my tax liabilities?

It will depend on your personal circumstances, but generally income paid to individual unitholders will be treated in the same way as dividends from a UK company which is liable to UK Income Tax at the rate applicable for the individual unitholders.

In April 2016, a new Dividend Allowance was introduced for all taxpayers who earn dividend income. Under this new arrangement, the first £5,000 of the total dividend income earned by the taxpayer is tax-free regardless of what non-dividend income they have. The Dividend Allowance will not reduce the total income of the taxpayer for tax purposes

and dividends within the allowance will still count towards the taxpayer's basic or higher rate bands. You may be liable for capital gains tax when you sell your units, payable at either 10% or 20% based on your marginal rate of income tax.

Conversions between different unit classes in the same fund should not give rise to a disposal for UK capital gains tax purposes. Unitholders should seek their own professional tax advice in this regard.

Further information is available in the Prospectus. Current tax levels are subject to change and their value depends upon your individual circumstances. If you have any doubt about your tax position you should seek professional advice.

The Common Reporting Standard came into force in 2017, this means that Hargreaves Lansdown or any other person connected to the Fund may have to collect additional information from investors to enable disclosures to be made to the HMRC or, where applicable, tax to be withheld. Further information can be obtained at [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

### **What are the Fund's tax liabilities?**

The Fund is treated as a company and consequently will be liable to corporation tax, currently 20%, on its taxable income less its allowable expenses of management. The Fund is generally exempt from tax on dividends, although dividend or interest distributions from authorised investment funds will be taxed in accordance with the corporate streaming rules – please refer to the Prospectus for further details. The Fund will not be subject to corporation tax on chargeable gains arising on the disposal of investments. Gains within the Fund are exempt from capital gains tax.

### **Is investment in the Fund suitable for me?**

A typical investor in the Fund will be a retail investor who understands and appreciates the risks associated with units in such a fund and may have received advice from an appropriately qualified adviser. The Fund may also accept applications from institutional investors.

This document is provided solely to enable you to make your own investment decisions and it is not advice. This Fund may not be suitable for everyone and this literature does not constitute a personal recommendation to invest. If you are in doubt about suitability you should seek expert advice.

### **How much will any advice cost?**

Your adviser will have discussed and agreed the cost with you before you received advice. If you have a query please contact them directly.

## **HOW WILL CHARGES AND EXPENSES AFFECT MY INVESTMENT?**

### **What are the Fund's Management Charges?**

Initial Charge	Annual Management Charge	Other Charges <sup>1</sup>	Total Expense Ratio (TER) <sup>2</sup>
5.0%	0.75%	0.74%	1.49%

#### *Notes*

**1** Other Charges include the Ongoing Charges Figure or Total Expense Ratio (as applicable) of the underlying fund managers as well as the other administrative costs incurred by the Fund (see below). This figure may vary, but is correct for the year ended 30 September 2016.

**2** The TER is a figure showing all annual operating expenses of the Fund as a percentage of the Fund's value. It includes the Annual Management Charge, as well as all of the administrative costs incurred by the Fund (see below), and also includes the operating expenses of the underlying funds weighted on the basis of their investment proportion. The TER is provided to enable comparison with the Ongoing Charges Figure or TER of different funds across Europe. Previous years' TER's are available in the Fund's Annual Report.

## What other charges are paid out of the Fund?

Type of Fee / Recipient	Fee Detail
Trustee Fees	0.01% p/a on first £100m of the Fund property value, 0.0075% p/a on the balance, plus VAT
Custodian Fees	Safekeeping Custody Fee £100 per stock p/a Transaction Charge £25 per trade
Registrar Fees	Administration Fee £3000 per unit class p/a Register Maintenance Fee £12 per unitholder p/a
Accounting Fees	Accounting Services Fee 0.004% - 0.02% p/a of the Fund property value.

Further details on the charges paid out of the Fund are available in the Prospectus.

## What is the volume of trading on the Fund?

The Portfolio Turnover Rate (PTR) is the ratio that reflects the volume of trading within the Fund. For the year ended 30 September 2016 the PTR was -17.75%. The PTR is calculated by taking the sum of all transactions in the underlying investments less the sum of all transactions in the Fund's units, which is then expressed as a percentage of the Fund's net asset value.

## AIFMD AND OTHER QUESTIONS AND ANSWERS

### How will I be informed of any changes to the Investment Objective or Investment Policy of the Fund?

A proposal to fundamentally change the Fund's investment objective (aim) or policy would be subject to the approval of unitholders at a meeting convened in accordance with the FCA Rules. You will otherwise be given 60 days prior notice of any significant changes to the Fund's investment objective or policy.

### Can the Fund use derivatives?

Derivatives transactions may be used in the Fund solely for the purposes of efficient portfolio management (including hedging). Derivatives are not used for speculative purposes and their use is intended to decrease, not increase, the risk profile of the Fund.

### Can the Fund borrow money?

The Fund has an overdraft facility which it may use for short term liquidity purposes. The Fund may use this borrowing power to the extent permitted for Non-UCITS Retail Schemes under the FCA Rules, which is up to 10% of its Net Asset Value. The Fund does not intend to use the overdraft facility for 'gearing' purposes.

### What is the maximum leverage of the Fund?

The AIFMD gives a new definition of leverage, to be calculated according to the 'gross' method and the 'commitment' method. HLFM must set maximum leverage levels and operate the Fund within these levels at all times.

There are two ways in which HLFM can introduce leverage to the Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. As explained above, neither of these are important features in terms of how HLFM manages the Fund. There are no collateral, asset re-use or guarantee arrangements involved in HLFM's current approach to leverage.

The maximum gross leverage in the Fund is 132%. The maximum commitment leverage is 110%. It is expected that HLFM will operate the Fund well within these limits. HLFM will report on its use of leverage within this Fund, and any change to use of leverage and leverage limits, in the Fund's Annual Report.

### How is the liquidity of the Fund managed?

In accordance with the FCA Rules, the liquidity of the Fund is monitored to mitigate the risk that an underlying position in the Fund's portfolio cannot be sold or closed out in a timely manner and at a reasonable cost, thereby compromising

the ability of the Fund to meet its redemption obligations to investors. None of the Fund's assets are subject to special arrangements due to their illiquid nature.

Further information can be found in the Fund's Prospectus and in the Fund's Annual Report which will detail the arrangements in place to manage this risk and any changes made to these arrangements.

#### **What are investors' redemption rights in exceptional market conditions?**

With the prior agreement of the Trustee, HLFM may defer redemption to the next valuation point where the total value of the redemptions requested together represent over 10% of the Fund's Net Asset Value. In these circumstances, redemption requests up to the 10% level will be met and all requests above that level will be deferred until the next valuation point. Deferred redemptions shall be met in priority to that day's redemption requests.

With the prior agreement of the Trustee, HLFM may suspend dealing in the Fund, if either HLFM or the Trustee is of the opinion that it is in investors' best interests to do so. Suspension of dealing will be reported to the FCA and should only continue for as long as is necessary having regards to the circumstances and the interests of investors. HLFM and the Trustee will review the suspension at least every 28 days and inform the FCA of the results of the review.

HLFM will inform you if dealing in the Fund is suspended, explain the reasons for the suspension and its likely duration. During such period of suspension, HLFM may agree to sell or redeem units at a price calculated at the first valuation point after the restart of dealings in units. The recalculation of the unit price will commence at or about the valuation point of the first dealing day following such period of suspension.

#### **Do any investors receive preferential treatment?**

HLFM seeks at all times to ensure that investors are treated fairly. There is no preferential treatment afforded to any one individual or group of investors above another in terms of buying and selling units and holding units within the Fund, although HLFM may use its discretion, in which case investors will be given a description of the preferential treatment and what it involves. Hargreaves Lansdown maintains a group-wide Conflicts of Interest policy, available at [www.hl.co.uk/conflicts](http://www.hl.co.uk/conflicts).

#### **Has the Fund Manager delegated any activities in relation to managing the Fund?**

HLFM has delegated the administration and registrar functions to Northern Trust Global Services Limited. In accordance with the FCA Rules HLFM may terminate these agreements at any time with immediate effect where it is in investors' interests to do so.

#### **Has the Trustee/Depositary delegated any activities?**

The Trustee/Depositary has delegated the custody function to Northern Trust Company London Branch. Northern Trust Company London Branch is authorised by the PRA and regulated by the FCA and the PRA. The Trustee has not discharged its depositary liability. As per written agreement the Trustee is not entitled to re-use any of the Fund's assets or to authorise the custodian or sub-custodian to do so, unless otherwise agreed by HLFM.

NTGSL has functionally and hierarchically separated the performance of its depositary functions from its tasks as administrator.

#### **How does the Fund Manager intend to cover its professional liability risks?**

HLFM covers these risks by holding additional capital. The amount of additional capital has been determined in accordance with the FCA Rules.

#### **If I am not happy with the service I receive how do I complain?**

If you are not happy with the service you receive, you can write to the Client Services Manager at Hargreaves Lansdown Fund Managers Limited, One College Square South, Anchor Road, Bristol BS1 5HL. If you are not satisfied with our response you may have the right to refer the complaint to the Financial Ombudsman Service.



**Who should I contact if I require any information about compensation arrangements?**

The scheme manager contributes to the Financial Services Compensation Scheme (FSCS) who provide for compensatory awards of up to £50,000 where there have been acts or omission resulting in loss to clients. Full details are available from the FSCS or the FCA.

**Where can I get further information?**

The Prospectus can be supplied free of charge on request from Hargreaves Lansdown Fund Managers Ltd, One College Square South, Anchor Road, Bristol BS1 5HL.

**Who should I contact if I have any queries?**

Any queries should be directed to Hargreaves Lansdown Fund Managers Ltd, One College Square South, Anchor Road, Bristol BS1 5HL. Our telephone number is 0117 900 9000.

**OTHER INFORMATION****Overseas Data Transfers**

Personal data of investors will be processed in the UK and abroad for the provision of custody, fund administration and related activities including to comply with legal and regulatory obligations. Investors may request access to, rectification of or deletion of any personal data in accordance with applicable data protection legislation. Further information about the use of investors' personal data can be found in the Prospectus.

**Automatic Exchange of Information**

The UK has entered into intergovernmental information exchange agreements with the United States (FATCA) and other countries (CDOT, CRS and OECD). Consequently, the Fund may be required to collect and/or report information about the investors or HLFM may elect to do so if it determines this is in the interests of investors generally. This may include information to verify the identity of investors or their tax status. HLFM may pass this information to HM Revenue & Customs. Further details on FATCA are provided in the Fund's Prospectus.

For the purposes of The United States Foreign Account Tax Compliance Act (FATCA), the Units in the Fund may not be offered, sold or delivered directly or indirectly in the United States or to the account or benefit of any U.S. Person.

**Identity Verification**

We are obliged to verify your identity in order to comply with money laundering regulations and will do so via an electronic check with the electoral roll and a credit reference agency, which may keep a record of this information although this is only to verify your identity and will not affect your credit rating. If we are unable to verify your identity electronically, we will ask you to provide documentary evidence. We reserve the right to delay application or withhold settlement until this evidence is provided.

**Client Money**

Money received by the HLFM which is pending the purchase of units or, following redemption of units, pending repayment of redemption proceeds in the Fund will be held in accordance with the FCA Rules on client money, in a client money bank account maintained by HLFM with Lloyds Banking Group. No interest is payable to investors on money credited to the client money bank account.