Treasury Committee
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Mr Chris Hill
Chief Executive Officer
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11 June 2019

Dear Mr Hill

The Treasury Committee will shortly be taking evidence from the Financial Conduct Authority (FCA), as part of the Committee's regular cycle of hearings into the FCA's work. Hargreaves Lansdown has been closely linked with LF Woodford Equity Income Fund, in part due to that fund until a short while ago being included on your Wealth 50 list.

To aid in our work of scrutinising this important matter, I would appreciate your answers to the following questions:

- How many Hargreaves Lansdown customers are exposed to the LF Woodford Equity Income Fund, whether directly or indirectly? What is the average size of their direct investment? What is the total exposure of Hargreaves Lansdown's customers?
- Lee Gardhouse your Chief Investment Officer, noted in a recent statement that "We've been speaking to Woodford for some time about the number of unquoted and hard-to-trade companies in his portfolio."[1] Can you provide the Committee with a timeline as to your engagement with Woodford, including when you raised your concerns, both before and after the suspension?
- How long has LF Woodford Equity Income Fund (and Woodford Income Focus) appeared on the Wealth 50 (or any similar) fund list?
- How often is the continued inclusion of a fund on the Wealth 50 list considered?
- Have you modelled whether the inclusion of a fund on the Wealth 50 list increases the flow of funds towards a fund, and if so, by how much?
- Your "the Wealth 50" website notes that "Using the collective size and power of one million clients, we negotiate hard to get you some of the lowest fund charges across the industry."[2] Was a discount obtained from Woodford Investment Managers, and if so, what was the size of that discount?
- Have you modelled whether a "Wealth 50" discount provided on fund management fees increases the flow of funds towards a particular fund, and if so, by how much?
- How much did Hargreaves Lansdown receive in fees for money its customers invested in LF Woodford Equity Income Fund, by year, since 2014 until today?

[1] Hargreaves Lansdown, Woodford - our view, by Lee Gardhouse, Chief Investment Officer, 5 June 2019
[2] https://www.hl.co.uk/funds/help-choosing-funds/wealth-50

- Hargreaves Lansdown states on its website that "It's important to make clear we never take payment or commission for funds to appear on the Wealth 50. We only look at performance potential."[3] However, your dealing charges page notes that "Hargreaves Lansdown receives commission from some fund groups for arranging and administering your investments".[4] Has Hargreaves Lansdown received any commission (or any other reward) from arranging and administering investments, or for any other activities, related to LF Woodford Equity Income Fund, or funds managed by Woodford Investment Management? If yes, please provide the relevant amount by year.

Given the upcoming FCA hearing, I would welcome your reply by close of business on Tuesday 18 June 2019. Please feel free to include any additional information you believe would aid the Committee in its work.

This letter, and in due course, your reply, will be placed in the public domain.

Yours sincerely

Rt Hon Nicky Morgan MP
Chair of the Treasury Committee

[3] https://www.hl.co.uk/funds/help-choosing-funds/wealth-50
[4] https://www.hl.co.uk/shares/share-dealing/dealing-charges