

Hargreaves Lansdown PLC

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Hargreaves directors offer to defer bonuses as Woodford fund suspension seen dragging on

Directors at Hargreaves Lansdown PLC (LON:HL.) have refused to give up their bonuses despite uproar about the investment platform's tangled relationship with embattled fund manager Neil Woodford.

Research director Mark Dampier and chief investment officer Lee Gardhouse have both offered to defer their annual bonuses, following chief executive Chris Hill's move last week to hold back from receiving his bonus until the Woodford fund reopens, which could take several more weeks or even months.

READ: Hargreaves Lansdown boss to defer bonus until Woodford problems are sorted

There were calls from Westminster for the board to go further, with John Mann, a Labour MP on the Treasury committee, telling the Sunday Times that all three executives should forgo bonuses. "It's totally inappropriate — it's an insult. It's the kind of behaviour that brings the industry into disrepute," he said.

Tory MP Mark Garnier, a former banker, said the move was "a half-hearted admission of failure".

Following a rush of redemptions sparked by concerns about its unlisted investments and poor stock picks, the Woodford Equity Income (WEI) fund has been frozen since June 3 while Woodford tries to sell his illiquid investments to drum up cash and buy more shares in more liquid listed companies.

Could Woodford fund be frozen til 2020?

Investors in the WEI fund may have to wait for many months to get access to their money again, especially as some of the positions the fund holds in unquoted stocks are very large and will not be easy to sell quickly.

Regulatory data indicates just how tough it will be for Woodford to reopen the fund any time soon, with Reuters reporting that just 8% of the holdings could be sold in a week, 29% could take up to a month, around 30% would require six months and another third could need more than a year.

"I doubt very much whether that fund will be unsuspending until much later this year, possibly not until next year," said Chris Bailey, analyst at Raymond James, told the newswire.

READ: Woodford's can of worms: what next for investors, the funds and the industry?

Hargreaves has been one of Woodford's most ardent supporters for many years and only removed the WEI fund from its top-50 buy-list once redemptions were halted earlier this month, despite a 17% fall over the past three years.

Since then, Hargreaves has also dropped platform fees on the fund and urged Woodford to do the same, while the financial regulator has pledged to examine how fund platforms construct best-buy tables.

Dampier, who is chiefly responsible for HL's Wealth 50 list, and Gardhouse both sold shares in the FTSE 100 group's

Price: 1953

Market Cap: £9.26 billion

1 Year Share Price Graph



Share Information

Code: HL.

Listing: LSE

52 week High Low
2447 1624

Sector: Financial Services

Website: www.hl.co.uk

Company Synopsis:

Hargreaves Lansdown is one of the UK's leading independent financial service providers and asset management specialists. The company is a fund supermarket, a fund manager, a discount broker, a stockbroker, a pensions specialist, an annuity specialist, a wealth manager and a financial adviser - in other words a one-stop shop.

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worth more than £6m in May, just weeks before the furore around Woodford led to a 15% fall in the Hargreaves share price.

However, Dampier has revealed that he still has his own money in all three Woodford portfolios, with the Telegraph reporting that he upped his savings held in Woodford funds just days before the WEI fund was forced to suspend withdrawals.

Shares in HL were down 1% to 1,882.5p on Monday morning.

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