

Passive fund due diligence

H2 2024 (data to 31st December 2024)

Introduction

Welcome to our latest passive fund due diligence update, summarising our results up to 31 December 2024.

Here, we combine quantitative and qualitative data from our passive fund universe to score and rank each fund within their sector.

We've recently updated our methodology to give greater weight to OCF. This is to account for the impact even a small difference in costs can make on long-term returns.

After this, we look to double-weight an additional set of criteria including:

- Spread costs, split over a 3-year holding period
- Tracking error versus a fund's own index
- Tracking difference versus a fund's own index
- Fund house Environmental, Social and Governance (ESG) factors

Replication methodology, stock lending policy, fund size and tracking error/difference versus our own risk framework are single weighted. These tend to be more subjective criteria.

Each fund is scored independently for each criteria, then ranked within their sector based on the cumulative final score.

This comprehensive, robust, and repeatable process is designed to make sure clients are invested in the most favoured passive fund for each sector.

For more information on our process, please read our **Due Diligence on Passive Funds** document.

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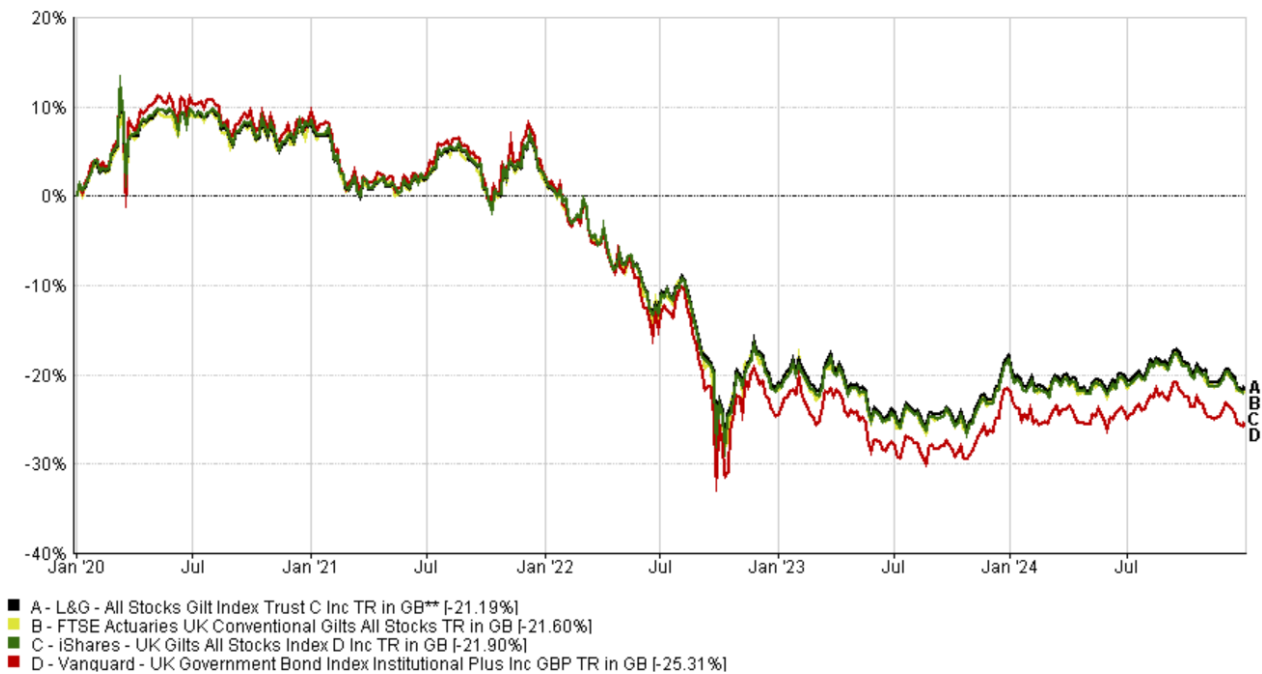
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IA UK Gilts

The top funds in this asset class all score very highly and our Vanguard fund remains in second place.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G All Stocks Gilt Index	FTSE Actuaries UK Conventional Gilts All Stocks	1	1
Vanguard UK Government Bond Index	Bloomberg Barclays UK Government Float	2	2
iShares UK Gilts All Stocks Index	FTSE Actuaries UK Conventional Gilts All Stocks	3	3

Pricing Spread: Bid-Bid • Data Frequency: Daily



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

Vanguard has the lowest OCF and overall holding cost of the three funds, which is below 0.1% p.a. This helped it climb the rankings on our updated scoring methodology.

Like our previous analysis, the top funds all achieved full marks for tracking error and tracking difference versus their benchmarks.

Vanguard remains behind L&G, despite its lower holding costs, as L&G scores higher on ESG. Another reason for Vanguard’s lower overall score is it tracks a different index to the L&G and iShares funds. While Vanguard happens to have underperformed in the chart above, its index has outperformed previously.

iShares is the largest fund, although Vanguard’s fund is also very big, and our ownership levels are of no concern.

We remain comfortable to maintain our Vanguard holding, given it scores highly and is only marginally behind L&G in a very high scoring asset class. We’ll continue to monitor this as part of our ongoing passive due diligence reviews.

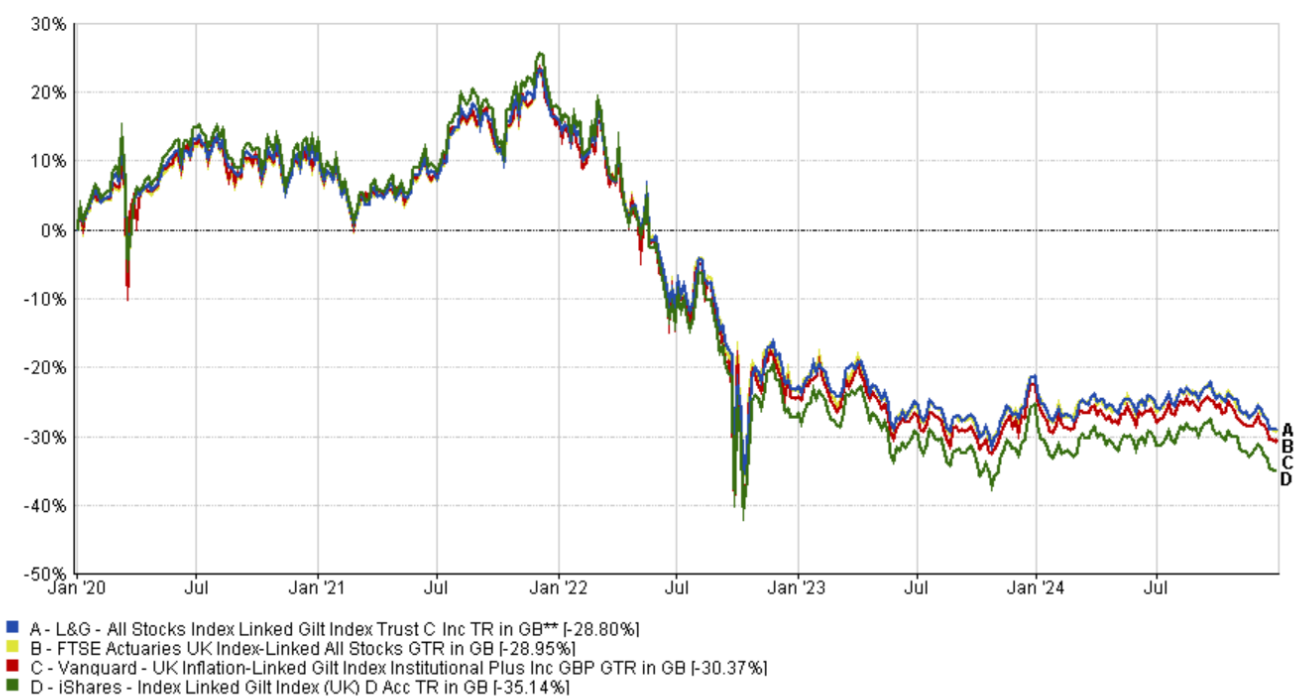
Recommendation	Hold	Vanguard UK Government Bond Index
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IA UK Index Linked Gilts

The L&G still leads the peer group, with Vanguard and iShares in second and third place. These rankings remain unchanged.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G All Stocks Index Linked Gilt Index	FTSE Actuaries UK Index-Linked Gilts All Stocks	1	1
Vanguard UK Inflation Linked Gilt Index	Bloomberg Barclays UK Government Inflation-Linked	2	2
iShares Index Linked Gilt Tracker	FTSE Actuaries UK Index Linked Gilts Over 5 Years	3	3

Pricing Spread: Bid-Bid • Data Frequency: Daily



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

L&G’s total score is comfortably ahead of Vanguard and iShares. L&G has tracked the benchmark index closely and achieves our maximum possible score for both tracking error and tracking difference.

Vanguard is the cheapest fund, closely followed by L&G, both with an OCF below 0.1% in a competitively priced asset class.

L&G’s fund continues to achieve full marks in our assessment for its benchmark-to-benchmark tracking error, benchmark tracking difference, method of replication and the fact it doesn’t stock lend. iShares’ and Vanguard’s funds are larger, but L&G is large enough to receive top scores for fund size and fund ownership.

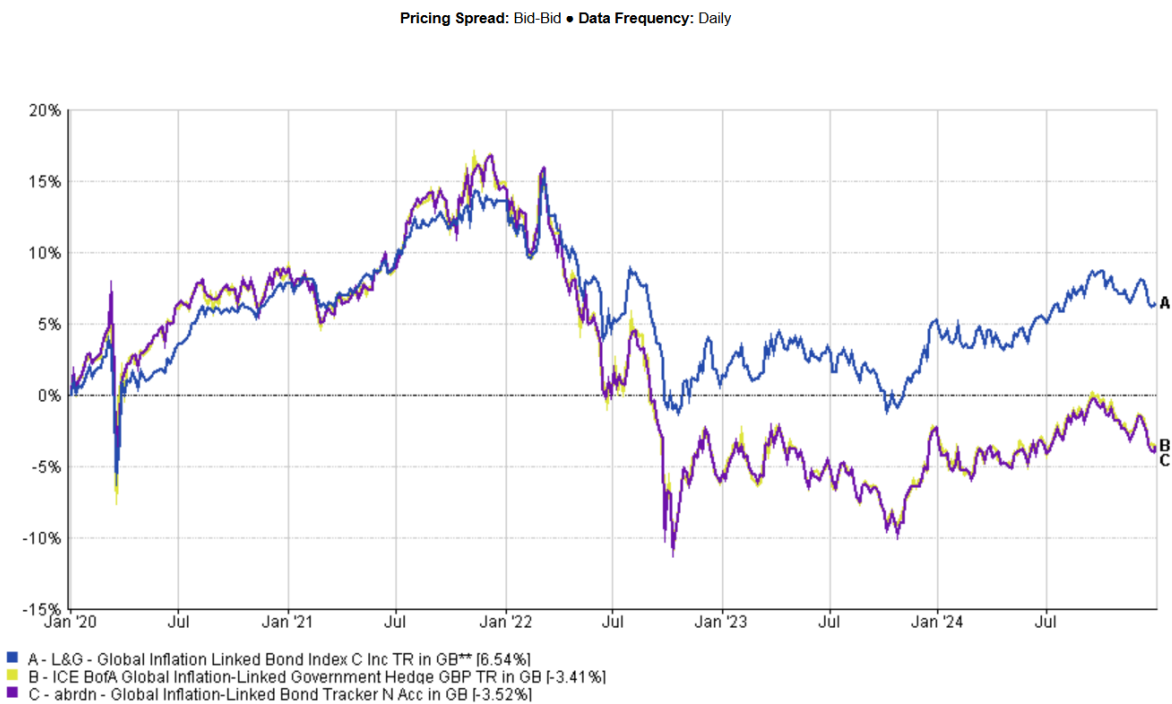
We remain comfortable with our holding in L&G.

Recommendation	Hold	L&G All Stocks Index Linked Gilt Index
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IA Global Inflation Linked Bond

Within our Global Index Linked Government Bond asset class our holding in L&G falls to second place as abrdn takes the top spot.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
abrdn Global Inflation-Linked Bond Tracker	Barclays World Government Inflation Linked Bond Index (GBP Hedged)	2	1
L&G Global Inflation Linked Bond Index	Barclays World Government ex UK Inflation Linked Bond Index (GBP Hedged)	1	2



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

The L&G fund we hold continues to score very highly for its low tracking error and good tracking difference versus its benchmark.

We view L&G to be leading in managing passive ESG considerations, while the fund has also achieved the highest marks for its replication and stock lending.

The fund is marginally more expensive than the abrdn fund, although both have overall 3-year holding costs of under 0.20% p.a., which we consider competitive.

The benchmark tracked by the L&G fund is different to the ICE BofA Global Inflation Linked Government Hedge GBP Index we use in our risk framework. The main difference being the L&G fund’s benchmark excludes the UK, while the UK has a reasonable weighting in the abrdn fund’s benchmark. This can be seen above, with a notable separation in performance between the fund and our benchmark, particularly over the last two years when Index-Linked Gilts have seen high levels of volatility. As a result, the L&G fund has been marked down for its benchmark tracking error. We’ll continue to track the difference between L&G and our internal benchmark and will consider switching if a move is in the best interest of clients.

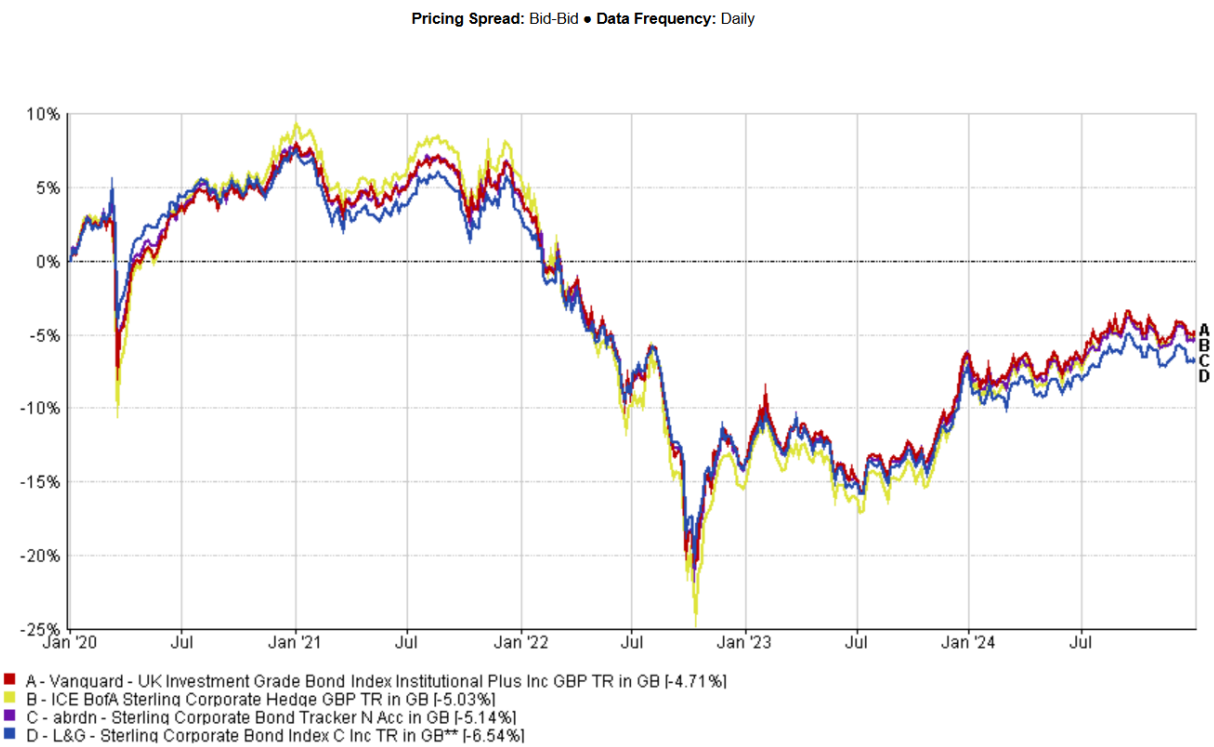
The L&G fund continues to score highly in our assessment and we are comfortable maintaining our holding.

Recommendation	Hold	L&G Global Inflation Linked Bond Index
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IA Sterling Corporate Bond

No changes in this asset class as L&G remains on top, with our Vanguard fund in second and abrdn third.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G Sterling Corporate Bond Index	Markit iBoxx Sterling Non-Gilts ex BBB	1	1
Vanguard UK Investment Grade Bond Index	Bloomberg Barclays GBP Non-Government Float Adjusted Bond	2	2
abrdn Sterling Corporate Bond Tracker	Markit iBoxx Sterling Non-Gilts	3	3



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

Vanguard and abrdn jointly have the lowest OCF of the funds we track. L&G just tops the ranking on its ESG score and use of partial replication to construct its fund.

The top 3 funds, including our Vanguard holding, all achieved the maximum possible score for fund tracking error, and although they also all scored highly on tracking difference relative to their benchmark indices, Vanguard is the only fund with the maximum score.

All funds have a degree of benchmark tracking error versus our benchmark, the ICE BofA Sterling Corporate Index, as can be seen above. Although there is a strong correlation between the performance of the index and the top 3 funds.

There’s no stock lending in the Vanguard fund, meaning it gets full marks here.

We remain comfortable with our holding in Vanguard.

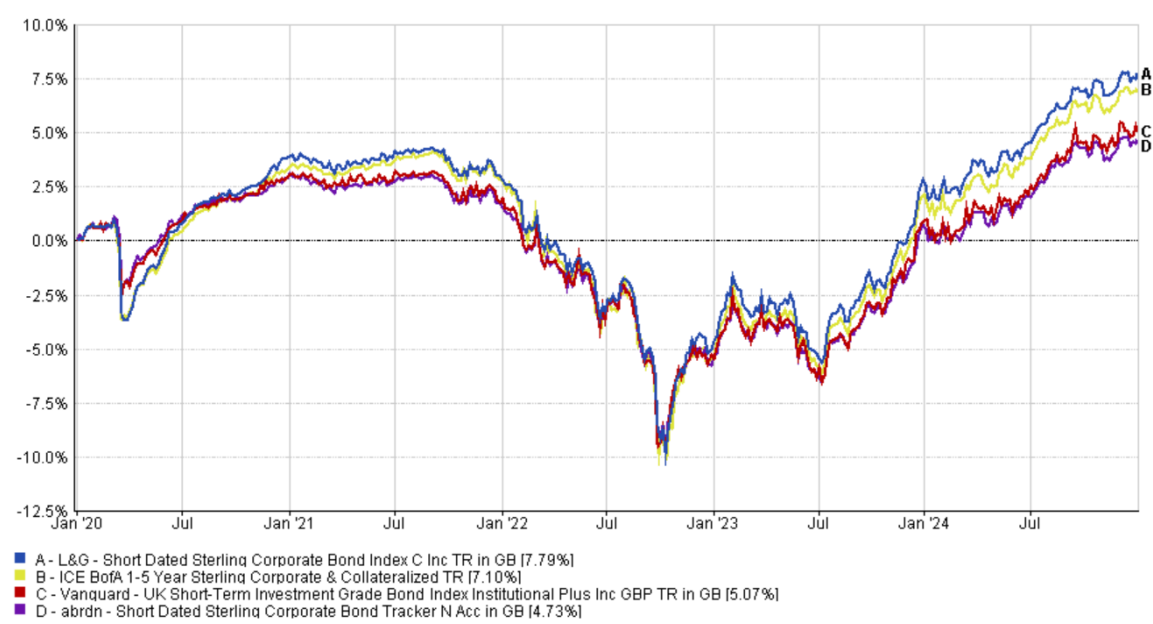
Recommendation	Hold	Vanguard UK Investment Grade Bond Index
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Short Dated Sterling Corporate Bonds

The L&G fund we invest in remains ranked first, with Vanguard and abrdn switching to second and third place respectively.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G Short Dated Sterling Corporate Bond Index	Markit iBoxx Sterling Corporates 1-5 Index	1	1
Vanguard UK Short-Term Investment Grade Bond Index	Bloomberg GBP Non-Government 1-5 Year 200MM Float Adjusted Bond Index	3	2
abrdn Short Dated Sterling Corporate Bond Tracker	Markit iBoxx Sterling Non-Gilts 1-5 Index	2	3

Pricing Spread: Bid-Bid • Data Frequency: Daily



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

Vanguard and abrdn OCFs are marginally more competitive than L&G’s however they’re all very low. All three funds have received top marks for fund tracking error, while L&G and Vanguard also score highly on fund tracking difference. L&G ranks best of the three managers on ESG aspects.

As shown above, the L&G fund performs the closest to our index – the ICE BofA 1-5 Year Sterling Corporate & Collateralised Index. However, the performance of Vanguard and abrdn funds differ materially from our index. This means L&G scores better on benchmark tracking error and benchmark tracking difference compared to the other two funds.

L&G is by far the largest fund however all three funds receive top marks for size. L&G also receives full marks for its replication method. Vanguard loses marks on ESG while abrdn has been marked down for its use of stock lending in the portfolio.

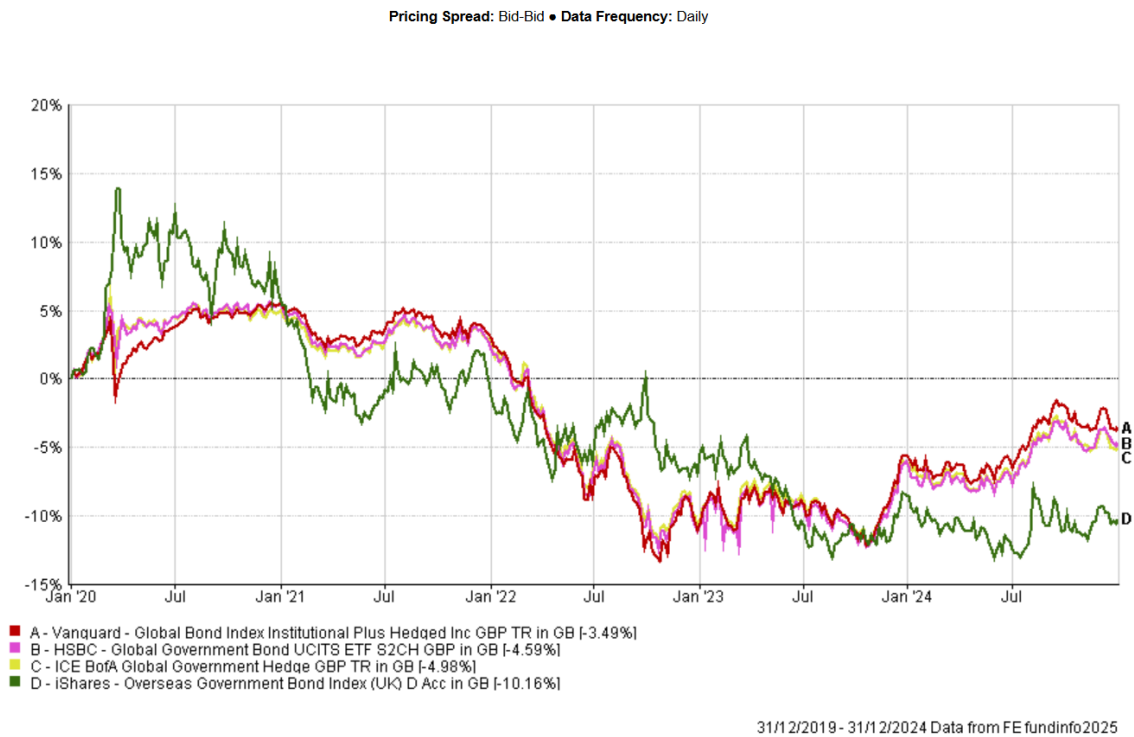
We’re happy to maintain our holding with L&G at the current time.

Recommendation	Hold	L&G Short Dated Sterling Corporate Bond Index
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IA Global Government Bonds

We hold global bonds within our Global Government Bonds asset class. Here our holding with HSBC remains in first place, with Vanguard in second and iShares third.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
HSBC Global Government Bond Index	FTSE World Government Hedged GBP	1	1
Vanguard Global Bond Index	Bloomberg Barclays Global Aggregate Float Adjusted and Scaled Index Hedged in GBP	2	2
iShares Overseas Government Bond Index	JP Morgan Global Government Bond Index ex UK	3	3



HSBC’s fund has the most competitive OCF and overall, 3-year holding cost, so scores best on our cost factor. All three funds score very highly on fund tracking error and fund tracking difference.

HSBC achieves the best score of the three funds for ESG and its benchmark tracking error versus our Global Government Bond index. As shown above, HSBC performance (pink line) is consistently very close to the index (yellow line).

HSBC’s fund is smaller than Vanguard, but larger than iShares and still gets full marks for its size. So, we have no concerns.

The main downside of HSBC is its use of stock lending, with a maximum of 25% of the fund on loan at any time. When our analysis was completed, the percentage on loan was 19.8%. However, this is still below the 28% currently being lent out by iShares, who’s maximum allowance also goes slightly higher.

iShares has previously risen the ranks on its competitive fees but loses marks on a wide tracking error versus our own benchmark (as shown above).

We retain our holding with HSBC following this analysis.

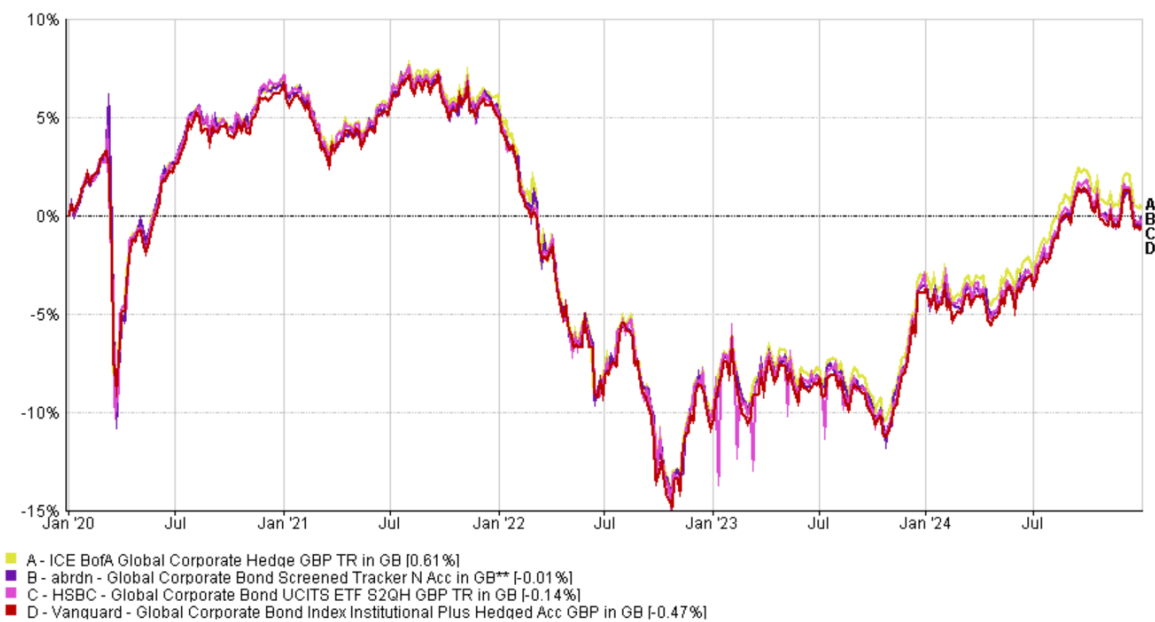
Recommendation	Hold	HSBC Global Government Bond Index (Hedged)
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IA Global Corporate Bonds

The fund we invest in, abrdn, continues to rank in first place, with Vanguard and HSBC remaining in second and third place respectively.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
abrdn Global Corporate Bond Screened Tracker	Bloomberg Global Corporate Screened Index (GBP hedged)	1	1
Vanguard Global Corporate Bond Index	Bloomberg Global Aggregate Float Adjusted: Corporate Index (GBP Hedged)	2	2
HSBC Global Corporate Bond Index	Bloomberg Global Aggregate Corporate Index (GBP hedged)	3	3

Pricing Spread: Bid-Bid • Data Frequency: Daily



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

abrdn has the most competitive OCF of the three funds, and a competitive 3-year holding cost. The fund also achieves a strong score for its fund tracking error and tracking difference, alongside a reasonably good score on ESG factors.

All funds track very similar benchmark indices, as shown above, which closely follow the performance of our index (ICE BofA Global Corporate GBP hedged). All funds therefore score reasonably well on benchmark tracking error and benchmark tracking difference.

abrdn’s fund is the largest of the three and it has been awarded top marks for size. It also scores well for replication. However, abrdn’s fund has seen marks deducted for use of stock lending in the fund, albeit less than 5% of the fund was on loan at the time of our analysis.

Please note that since 2023 abrdn has followed a screened index. However, our analysis continues to show the fund scoring the highest marks.

Recommendation	Hold	abrdn Global Corporate Bond Tracker
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IA UK All Companies

There has been some re-ordering of the rankings this time. Although L&G retains the top spot, abrdn rises to second, iShares falls to third and our Vanguard fund falls to fifth place. Overall, this is a high scoring asset class and all the top funds have been awarded very high marks.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G UK Index	FTSE All Share	1	1
abrdn UK All Share Tracker	FTSE All Share	4	2
iShares UK Equity Index	FTSE All Share	2	3
Vanguard FTSE U.K. All Share Index	FTSE All Share	3	5

Pricing Spread: Bid-Bid • Data Frequency: Daily



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

The UK is a highly competitive market and although costs are very similar for all the top funds, overall, Vanguard is the cheapest.

All four funds track the FTSE All Share and achieve the highest possible scores for fund tracking error, fund tracking difference, benchmark tracking error and benchmark tracking difference. This can be seen above, where all the funds consistently performed very similarly to the index (yellow line) over the last 5 years.

Vanguard lags some of the other funds in our ESG assessment, however, we're still comfortable investing with them and are actively engaging with Vanguard around ways to improve their score. They score top marks for their large fund size, method of replication and the fact that there's no stock lending in the fund.

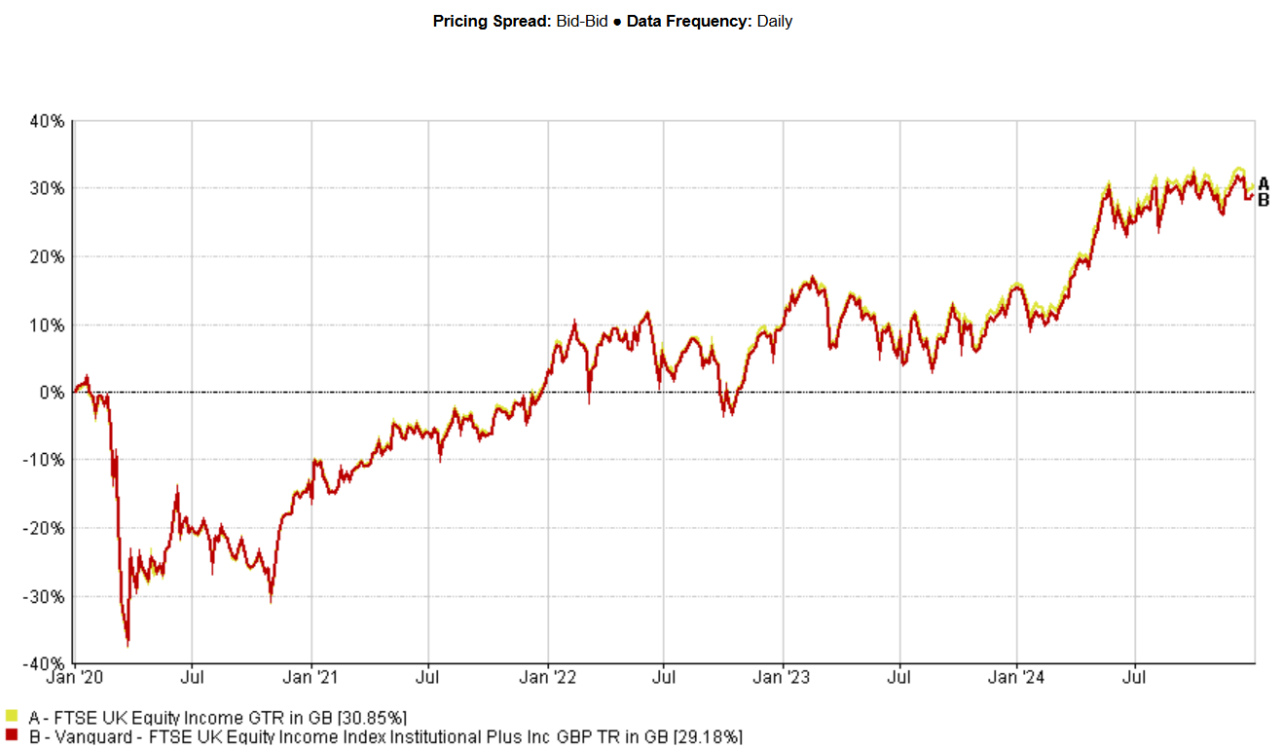
Given our Vanguard fund continues to perform strongly, scores highly, and mindful of the costs of trading – particularly the 0.5% stamp duty levied for buying UK equity – we're comfortable to maintain our holding.

Recommendation	Hold	Vanguard FTSE U.K. All Share Index
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IA UK Equity Income

There’s just one passive instrument in the UK Equity Income space.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
Vanguard FTSE UK Equity Income Index	FTSE U.K. Equity Income	1	1



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

Our holding with Vanguard continues to score very well on its fund tracking error and replication and achieves reasonable scores across benchmark tracking error and benchmark tracking difference.

While there’s some stock lending in the fund, this was very small when we did our analysis, and 100% of the net proceeds are paid into the fund. This means the fund still received a strong score in this category.

The main drawback is the fund size, which means we do own a reasonable portion of the fund. However, this has been reducing over time.

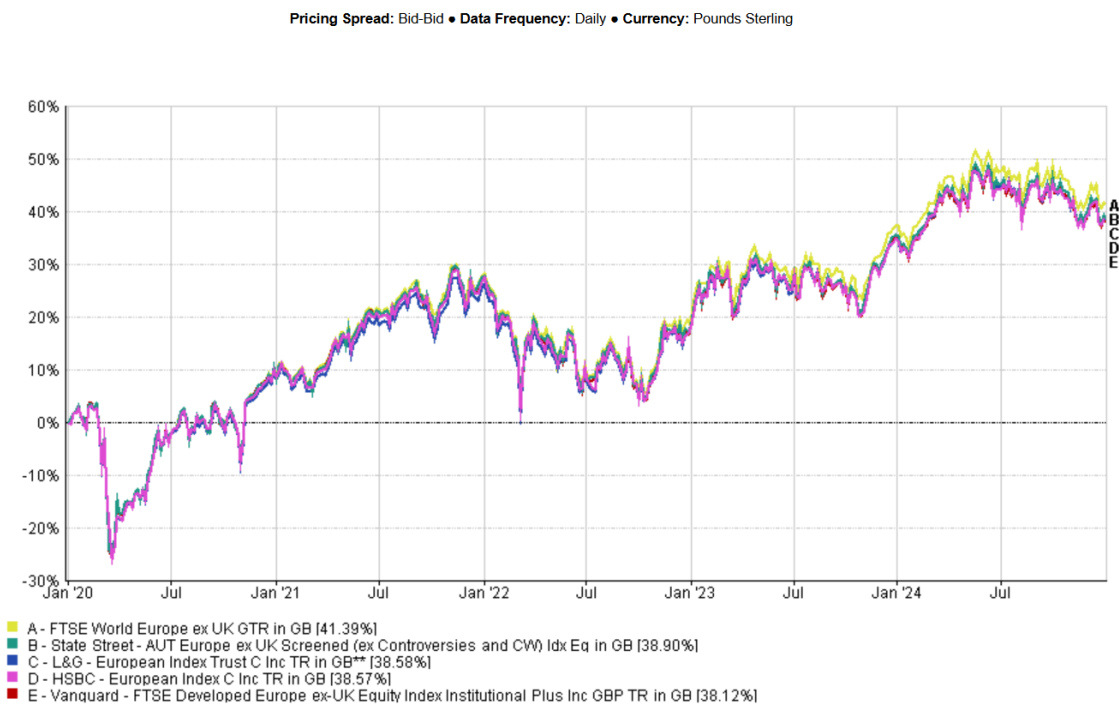
While we continue to look for viable alternatives, we’re very comfortable to maintain our holding in the fund given it scores well overall.

Recommendation	Hold	Vanguard FTSE UK Equity Income Index
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IA Europe Excluding UK

L&G remains in first place, with HSBC and State Street switching places to end in third and second place respectively. Our holding in Vanguard has risen to fourth since our last review.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G European Index	FTSE World Europe Ex UK	1	1
State Street Europe ex UK Screened	FTSE Developed Europe ex UK ex Controversies ex controversial weapons	3	2
HSBC European Index	FTSE World Europe ex UK	2	3
Vanguard FTSE Developed Europe ex UK Equity Index	FTSE Developed Europe ex UK	5	4



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

The Vanguard fund we hold continues to be competitively priced, with the joint lowest 3-year holding cost out of all funds analysed. It also scores highly for fund tracking error, size and replication.

While we’ve not given Vanguard as high an ESG score as some other providers, we’re comfortable using their funds and are engaging with them around ways to improve.

The top funds are all large and track an index that’s very close to our benchmark for the asset class, as can be seen above.

Vanguard has had a point deducted for stock lending in their portfolio, as there was a small amount on loan at the point of our analysis (1.22% of the fund). However, all net proceeds are paid into the fund which is positive.

Given the Vanguard fund continues to perform strongly and mindful of the costs of trading, we’re comfortable to maintain our holding. L&G has been ranked number one for some time and it also tracks our internal benchmark. While a switch has been considered we don’t feel the benefits outweigh the costs.

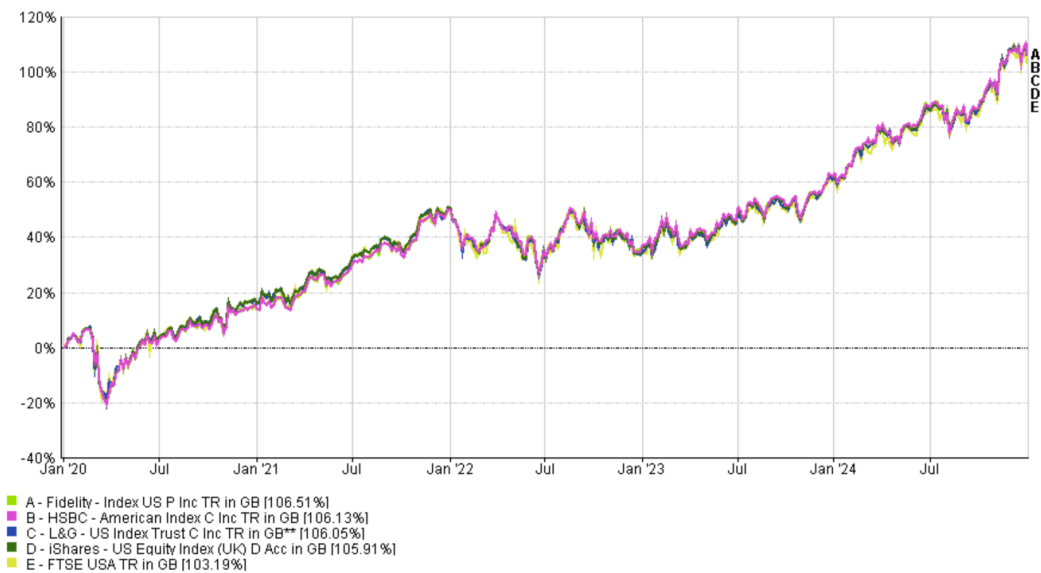
Recommendation	Hold	Vanguard FTSE Developed Europe ex UK Equity Index
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IA North America

We hold a 50/50 blend of L&G and Fidelity. The rankings of the top 3 funds are the same as our last review, while Fidelity moves down to fifth.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G US Index	FTSE USA	1	1
iShares US Equity Index	FTSE USA	2	2
HSBC American Index C Inc	S&P 500	3	3
Fidelity Index US	S&P 500	4	5

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

We’re pleased to have been recently moved into an ultra-low-cost share class from Fidelity, meaning their OCF is now the cheapest of all funds analysed. This is in a category where the top 4 funds all have an OCF of 0.06% or less so are very competitively priced. When considering all costs there’s even less variation, with Fidelity the joint cheapest alongside iShares.

All four funds achieved the top score for fund tracking error. While Fidelity scores best on fund tracking difference. On ESG, while L&G has the highest marks, followed by HSBC, Fidelity had the lowest score in our analysis. However, we remain comfortable using them and will continue to closely monitor their scores.

L&G and iShares track the FTSE USA index we use in our modelling. This means both funds achieve the maximum possible scores for benchmark tracking error and benchmark tracking difference. L&G also scores top marks on size, replication, and stock lending. Fidelity’s fund is relatively smaller, although it’s still large and achieves a top score for size. Fidelity gets marked down for its use of derivatives (though the exposure is less than 5% of the fund), but also achieves the highest score for the fact that there’s no stock lending in the fund.

Our combined blend of L&G and Fidelity continues to score well (ranking in third place if it were included in the table above) and we’re happy to continue to hold both funds.

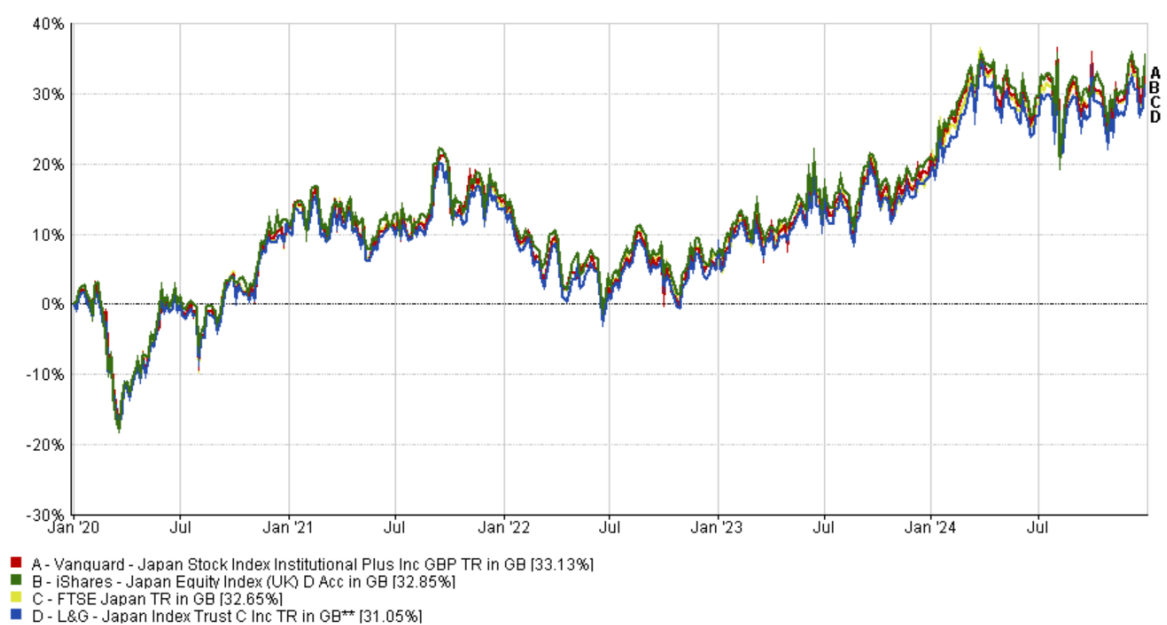
Recommendation	Hold	L&G US Index
	Hold	Fidelity Index US

IA Japan

Our holding in this sector, L&G, remains in first place, while iShares and Vanguard rise to second and third place respectively.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G Japan Index	FTSE Japan	1	1
iShares Japan Equity Index	FTSE Japan	3	2
Vanguard Japan Stock Index	MSCI Japan	4	3

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2019- 31/12/2024 Data from FE fundinfo 2025

L&G and iShares jointly have the most competitive OCFs, though iShares’ overall 3-year holding cost is marginally lower. Both funds are competitively priced and achieve our maximum score for this category.

All three funds receive top marks for fund tracking error, with very little to differentiate them. They’ve also delivered strong fund tracking difference. L&G achieved a very high score on ESG, although we’re still comfortable with iShares and Vanguard. L&G and iShares both track the FTSE Japan index we use, so get the maximum possible marks for benchmark tracking error and benchmark tracking difference.

L&G receives a strong score for size, replication, and stock lending. Vanguard and iShares lost points for stock lending, particularly iShares whose fund had 18% of stock out on loan at the point of our analysis. iShares also pays the least of the stock lending fee back into the fund.

We remain comfortable with our L&G holding.

Recommendation	Hold	L&G Japan Index
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IA Asia Pacific Excluding Japan

Rankings remain unchanged, with our holding in L&G coming in second place and State Street retaining the top spot.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
State Street Asia Pacific ex Japan Screened	FTSE Developed Asia Pacific ex Japan ex Controversies ex controversial weapons	1	1
L&G Pacific Index	FTSE World Asia Pacific ex Japan	2	2
abrdn Asia Pacific ex Japan Equity Tracker	MSCI AC Asia Pacific ex Japan	3	3

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2019 - 31/12/2024 Data from FE fundinfo2025

Our L&G fund has the lowest OCF of the funds in our analysis. All the top 3 funds score highly in delivering consistently low tracking error versus their own benchmark indices. L&G scores particularly well in our assessment of ESG aspects, with the highest score of the top 3 funds.

All funds score relatively poorly on tracking error and tracking difference versus our benchmark. This is because they don't track the FTSE Asia Pacific ex Japan index we use in our risk framework. This can be seen above, with the performance of the funds differing quite significantly from our index (yellow line). All funds have been assigned a low score for this metric. There are no passive funds that track our internal FTSE Asia Pacific ex Japan benchmark.

L&G and State Street achieve the maximum possible score for fund size, while all three score well on their method of replication. L&G doesn't use stock lending in the fund and gets top marks for that, while the other managers do in small amounts, so have some points deducted.

Given L&G continues to score highly and has the lowest OCF, we remain comfortable with our holding.

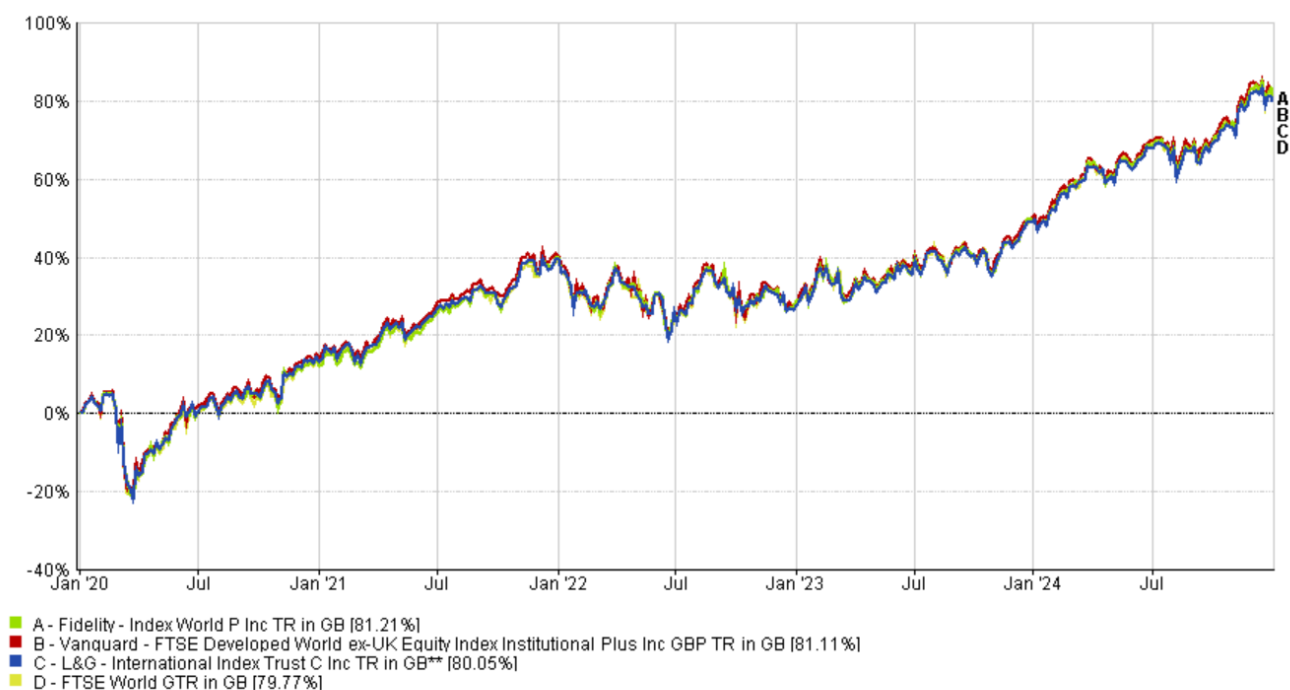
Recommendation	Hold	L&G Pacific Index
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IA Global

We don't adopt a global equity allocation within our strategic asset allocation for most of our solutions, preferring to use more granular regional allocations to better align with our 20-year risk framework. However, we continue to monitor the Global sector for context as part of our ongoing Due Diligence.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G International Index	FTSE World ex UK	1	1
Vanguard Developed World ex UK Equity Index	FTSE Developed ex UK	2	2
Fidelity Index World	MSCI World	3	3

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



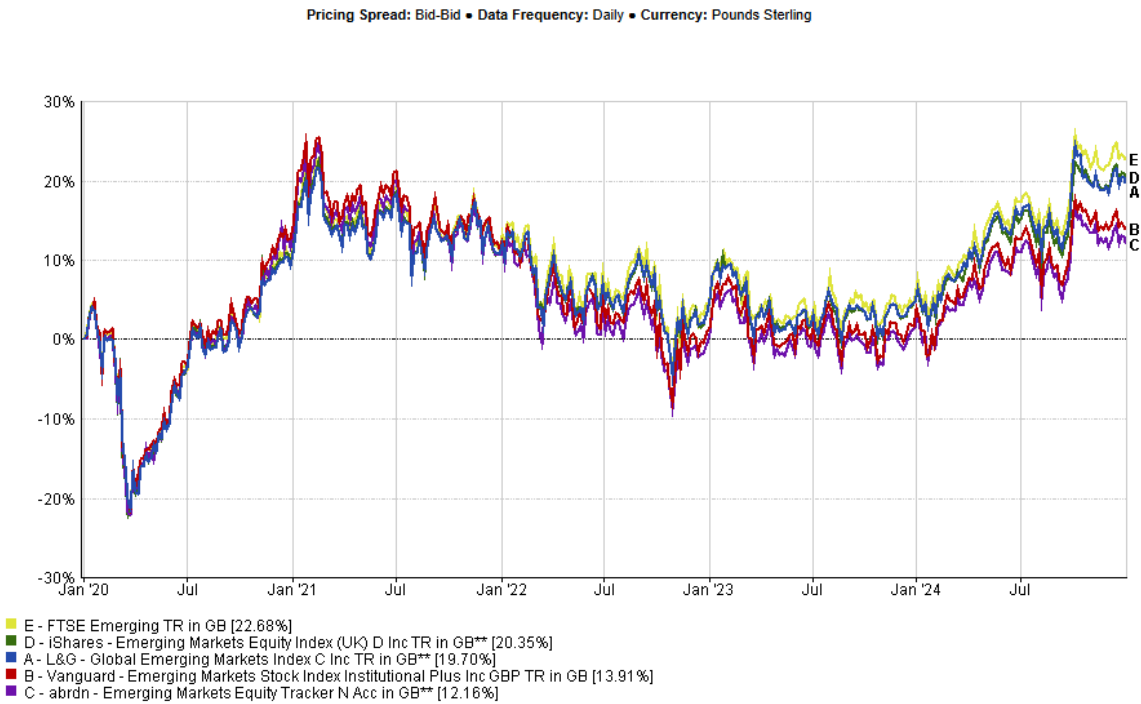
31/12/2019 - 31/12/2024 Data from FE fundinfo2025

There's no recommendation for this sector.

IA Global Emerging Markets

The top two rankings in this asset class remain the same, with L&G first and our holding in iShares in second, while abrdn and Vanguard switch to third and fourth respectively.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G Global Emerging Markets Index	FTSE Emerging	1	1
iShares Emerging Markets Equity Tracker	FTSE Custom Emerging	2	2
abrdn Emerging Markets Equity Tracker	MSCI Emerging Markets	4	3
Vanguard Emerging Markets Stock Index	MSCI Emerging Markets	3	4



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

L&G and iShares both have very competitive OCFs and overall 3-year holding costs are similar, although Vanguard remains the cheapest. Of the four, abrdn scores highest on fund tracking error, while iShares and Vanguard lead on fund size and L&G leads in ESG aspects. Although all funds score acceptable marks in all categories and remain investable.

L&G and iShares track the FTSE Emerging Index currently used in our risk framework, which means they’ve been awarded the highest scores for benchmark tracking error and tracking difference. Vanguard and abrdn track the more commonly followed MSCI Emerging Markets Index, so have lost marks as a result.

L&G and abrdn score highest on stock lending as they do not undertake any lending in the fund, although iShares current stock lending is only at 3%.

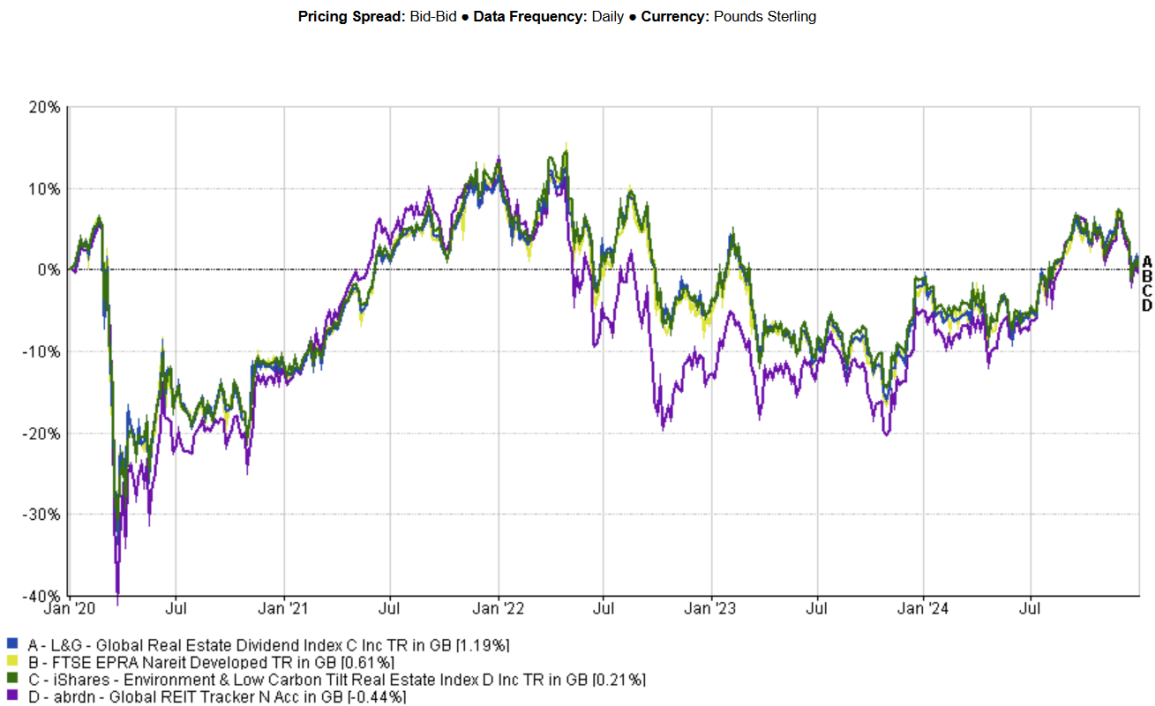
iShares continues to score highly so we remain comfortable with our holding at this time.

Recommendation	Hold	iShares Emerging Markets Equity Tracker
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IA Property

We don't generally hold passive property within our core solutions, but there are certain solutions where this is an option, and we hold L&G's Global Real Estate fund. In this analysis, L&G slips to third place and iShares moves up to second.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
abrdn Global REIT Tracker	FTSE EPRA NAREIT Developed	1	1
iShares Environment & Low Carbon Tilt Real Estate Index	FTSE EPRA NAREIT Green Low Carbon Target Index	3	2
L&G Global Real Estate Dividend Index	FTSE EPRA NAREIT Developed Dividend Plus Index	2	3



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

The 3-year holding costs for all funds are very similar, although abrdn's fund has a more competitive OCF compared to iShares. Our favoured L&G fund is nevertheless very competitively priced. abrdn scores highest on fund tracking error and tracking difference, followed by iShares, with L&G lagging in this review. L&G has been awarded the highest marks for ESG of the funds in our analysis.

As can be seen in the chart above, the funds don't always track that well versus our internal benchmark, especially abrdn. This is due to hedging differences.

L&G and iShares are the biggest funds so achieve full marks for size. All funds score well on replication. L&G scores best on stock lending, while iShares and abrdn have points deducted for the fact that some of their holdings were on loan at the time of our analysis. iShares has 15% on loan so loses the most.

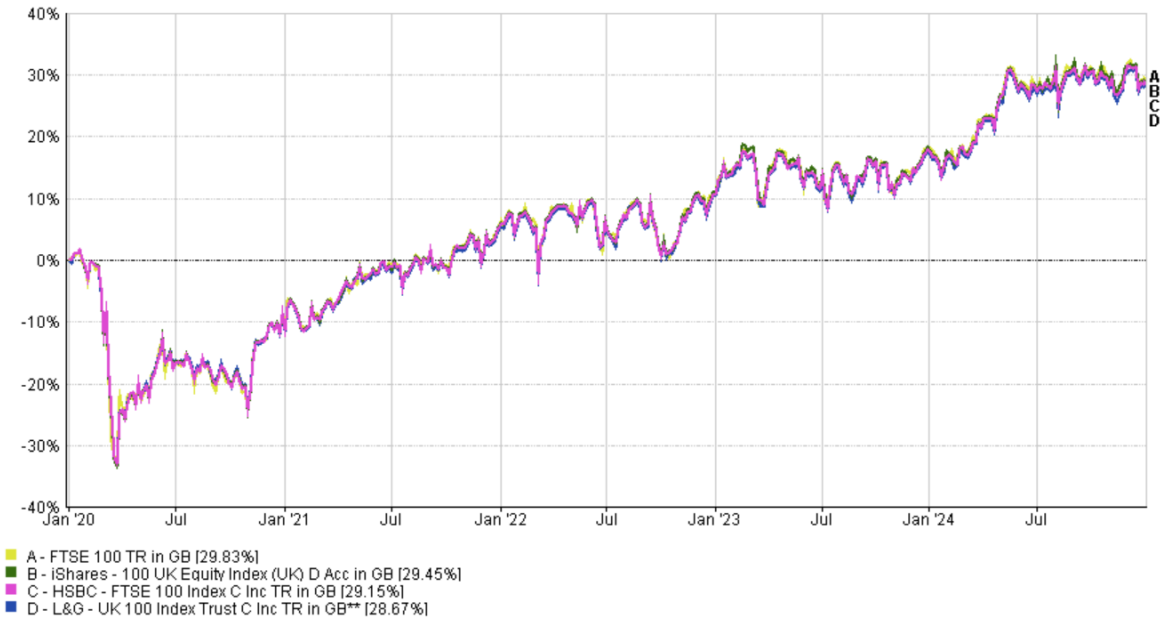
Recommendation	Hold	L&G Global Real Estate Dividend Index
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UK Large Cap Equity

Our holding with L&G is in first place, with iShares in second and HSBC in third. These rankings are unchanged.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
L&G UK 100 Index Trust	FTSE 100	1	1
iShares 100 UK Equity Index	FTSE 100	2	2
HSBC FTSE 100 Index	FTSE 100	3	3

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

This is a very high-scoring asset class and there is very little between the top providers.

Our holding with L&G has the joint-lowest OCF, while all three funds have again been awarded full marks for fund tracking error and L&G and iShares produced high scores on tracking difference.

All funds track the FTSE 100 index we use in our risk framework and achieve the maximum possible score for benchmark tracking error and benchmark tracking difference. This can be seen from the above chart, with all the top 3 funds tracking the index tightly over the last 5 years.

Our holding with L&G performs best in our ESG assessment out of the three managers.

L&G has top marks for size, replication, and stock lending, while iShares and HSBC fall on stock lending.

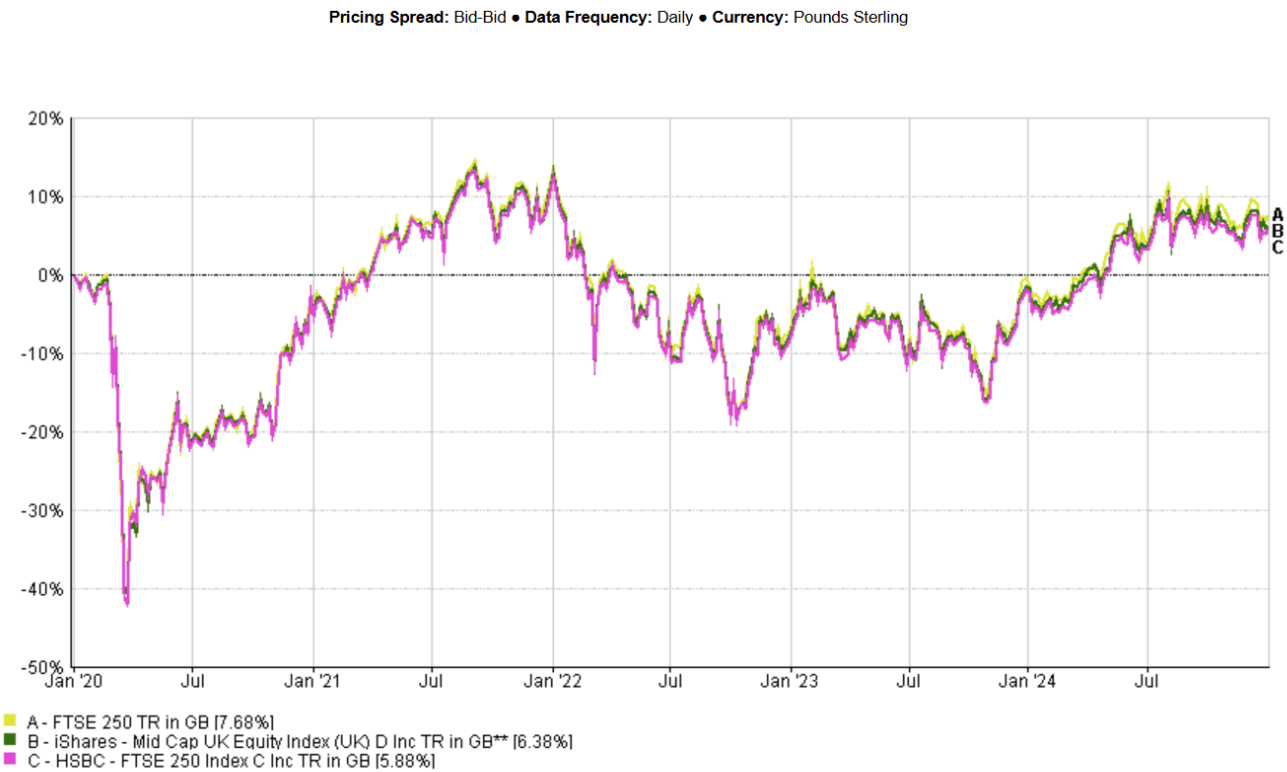
We remain comfortable to hold L&G for this asset class.

Recommendation	Hold	L&G UK 100 Index Trust
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UK Mid Cap Equity

Our holding with HSBC remains in first place with iShares in second.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
HSBC FTSE 250 Index	FTSE 250	1	1
iShares Mid Cap UK Equity Index	FTSE 250	2	2



31/12/2019 - 31/12/2024 Data from FE fundinfo 2025

Both funds in our analysis have competitive OCF's, however HSBC is the cheaper of the two.

Consistent with our last analysis, both funds score well for fund tracking error, benchmark tracking error and benchmark tracking difference.

Both funds achieve the top scores for size and replication.

Both funds have the option to use securities lending and have similar amounts on loan at the time of the analysis, although we prefer HSBC's policy for returning stock lending revenue to the fund.

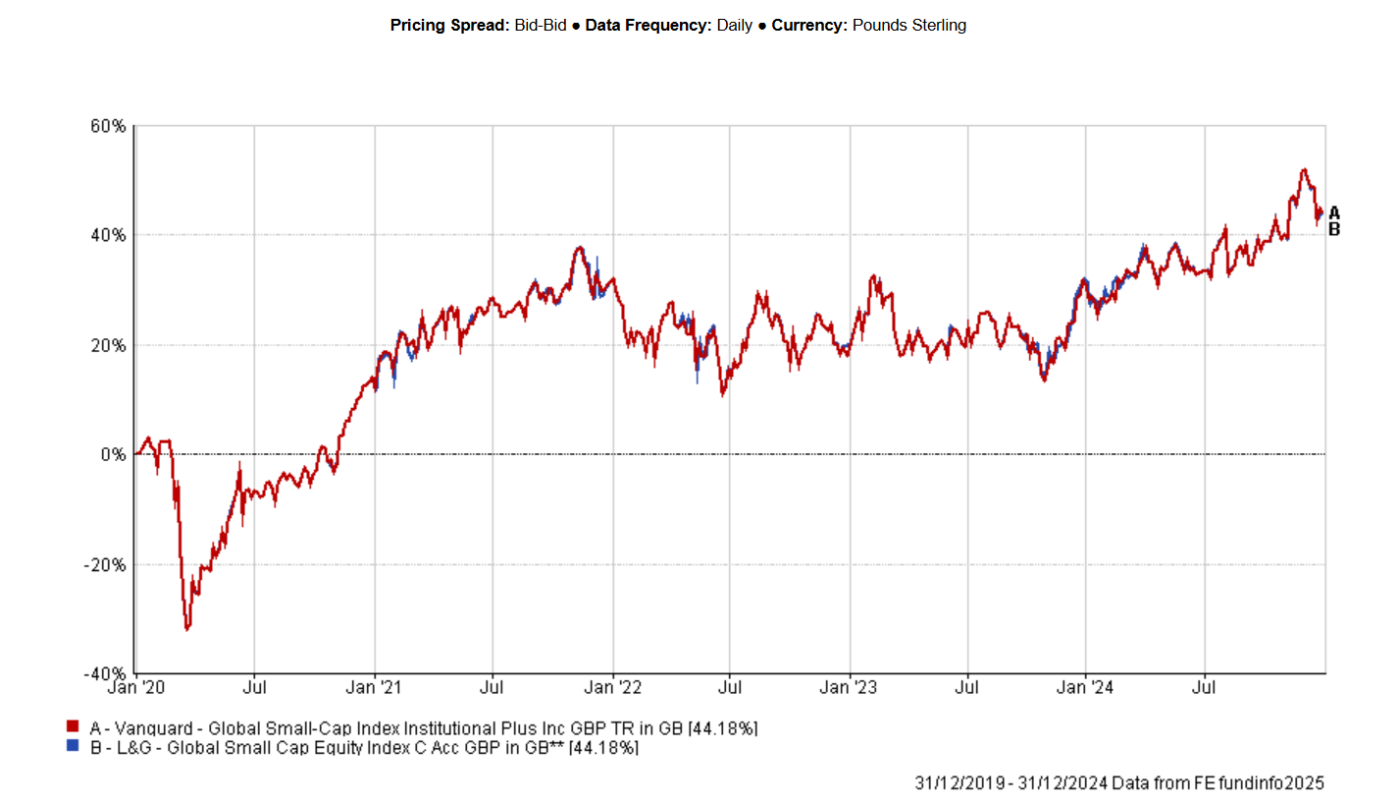
We remain comfortable holding HSBC for this asset class.

Recommendation	Hold	HSBC FTSE 250 Index
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Global Smaller Companies

Global Smaller Companies is a relatively new asset class within our asset allocation. Here Vanguard retains first place and L&G comes in second.

Fund Name	Fund Benchmark	Rank in Sector	
		Previous	Current
Vanguard Global Small -Cap Index	MSCI World Small Cap	1	1
L&G Global Small Cap Equity Index	MSCI World Small Cap	2	2



Both funds are competitively priced, however L&G’s fund is the cheapest overall.

While this round of analysis saw Vanguard achieving stronger results for tracking error and tracking difference compared to L&G, L&G has been awarded the highest marks for ESG.

We don’t have a license with FTSE for a Global Small Cap benchmark, which is why it’s not on the chart. We’re therefore relying on the fund providers’ tracking error and tracking difference calculations versus their own benchmarks for our analysis. They both track the same benchmark so there’s little scope for one fund to deviate significantly from another unknowingly.

They’re both large funds so achieve full marks for size and score well on replication. Both funds carry out stock lending, with L&G losing a point for lending more than our 5% threshold.

Overall, the performance of the funds is very similar. Vanguard scores higher overall, however the cost saving from L&G alongside no material reason not to use the fund is why we have chosen L&G.

Recommendation	Buy	L&G Global Small Cap Equity Index
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