

Investment objective

The objective of the fund is to provide returns through a combination of capital growth and income whilst maintaining a suitable risk profile, over a market cycle within a defined volatility range. The fund will primarily gain exposure indirectly via eligible collective investment schemes and other collective investment vehicles (for example, investment companies, exchange traded funds) and may also invest directly in eligible assets (excluding property and commodities). Derivatives will be used only for the purpose of Efficient Portfolio Management.

Indicative risk rating



Fund managers



Richard Philbin

Richard is Chief Investment Officer of Wellian Investment Solutions. He is one of the UK's best known multi-manager investors and previously AA rated by OBSR, Citywire and S&P. Prior to Wellian, he was AXA Architas Multi Manager's Chief Investment Officer and before that he was head of Multi Manager at F&C Investments.



James Kempster

James has over 15 years experience building and managing multi-asset investment portfolios. Beginning his career at Canada Life, he has more recently worked with financial advice firms to create managed portfolio solutions for end clients.

Performance summary as at 31/03/2020

	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Discovery Balanced Fund C Acc	-16.32%	-14.52%	-10.21%	-6.19%	1.83%	77.58%
IA Mixed Investment 20%-60% Shares	-12.89%	-11.39%	-7.19%	-3.74%	6.01%	70.26%

Source: Financial Express Analytics. All figures quoted are on a total return basis with income reinvested. The inception date was 21/03/2005. Past performance is not a reliable guide to future performance.

Fund managers' commentary

The first quarter of 2020 will be remembered in history. Nobody could have foretold on 31 December 2019 that the next 12 weeks would have seen wildfires in Australia threatening the balance of the global environment; the possibility of a global war due to an opportunistic drone attack by the US on a high ranking Iranian military official; a localised epidemic which quickly turned into a global pandemic by the name of coronavirus causing death, lockdowns, rationing, unemployment and disarray; the collapse of the oil price (it more than halved in a couple of days) due to a falling out between two of the largest oil producing states (Saudi Arabia and Russia); the largest stimulus package the world has ever seen; interest rates being slashed to near to zero in the US and UK; an economic rescue package in Japan; suspension of pricing relating to property funds due to "material uncertainty" clauses and many, many more things that will be used in future case studies...

Brexit and US/China trade wars feel like a long time ago. A time when the world was easier.

It's not surprising that the capital markets of the world took fright. In the US, the benchmark stock market index witnessed its largest quarterly loss since records began even though interest rates were cut and the President has signalled that every working man and woman (dependent upon your earnings) in the country will receive a cheque (or check if you are in America) for \$1,200 – with no strings attached. The global economy has not only hit the brakes due to the issues surrounding Coronavirus, it has driven into a brick wall. The fallout will be massive. It goes without saying there will be a recession this year. How long it will last is still up for debate, but it is safe to say that the consumer is not spending at the moment. The US – the world's largest economy - relies on the consumer for 2/3 of its revenue. Putting both of those facts together and we have an issue. Once this pandemic is over, how quickly will people spend again? Will air travel return to previous levels? Will the millions of Americans that have been laid off get back to work again quickly and start contributing to economic growth again?

There is an economic saying "when America sneezes, the world catches a cold" referring to its global purchasing power, but if ever you need proof that we live in a globally connected world, the spread of the coronavirus and the devastating impact it has had on our daily lives is the evidence you need.

Capital markets of the world are going to be volatile for the rest of the year at the very least, although we hope not as volatile as the first quarter has thrown up. Investment opportunities present themselves; there will be company bankruptcies. The way business is done will change. The odds of government and central bank intervention being finished is not a bet I would want to take. As a "new normal" comes into play from an investment perspective, complacency is something that shouldn't be rewarded.

Key facts

Inception Date	21/03/2005
Number of holdings	27
Ongoing charge figure (C)	0.80%
Estimated yield (C Acc)	3.09%
Fund size	£42.4m

Current asset allocation

Alternatives	5.72%
Cash	7.39%
Fixed Interest	29.92%
UK Equities	14.89%
International Equities	34.23%
Property & Infrastructure	7.85%

Top 10 holdings as at 31/03/2020

Fidelity Index World	10.02%
Fidelity Index UK	6.66%
Fidelity Index US	6.17%
JPM GBP Ultra-Short Income UCITS ETF	5.53%
Brown Advisory Global Leaders	5.38%
HSBC Sterling Corporate Bond Index	5.29%
Artemis Corporate Bond	4.03%
Baillie Gifford Strategic Bond	3.93%
Hipgnosis Songs Fund Ltd	3.39%
Lyxor Core FTSE Acturs UK Gilts(DR)UCITS ETF	3.19%

About Wellian Investment Solutions

Wellian Investment Solutions is an award winning multi-manager investment management business. As a multi-manager business it specialises in identifying the very finest investment talent from around the world and then blending and combining these managers together to create robust, diversified portfolios. Wellian Investment Solutions have developed their own bespoke manager selection and asset allocation processes and also undertake extensive due diligence on all of the managers before including them in the Discovery Funds.

Disclaimers

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The views and opinions expressed are those of Wellian Investment Solutions (Wellian). Wellian is authorised and regulated by the Financial Conduct Authority. Part of the Harwood Wealth Management Group Ltd. The information provided in this document has been provided from sources by us believed to be reliable and accurate and Wellian Investment Solutions does not accept any liability for the accuracy of the contents. Please note that past performance is not a reliable guide to the future and investors may not get back the amount originally invested as the value of any investment and the income from it is not guaranteed. The information in this document is not intended to provide the basis for any investment advice or recommendations. For further information on the risks and risk profiles of our funds, please refer to the relevant Key Investor Information Document and Prospectus.

Please note that performance of the fund for periods prior to 1 December 2014 is not attributable to the current investment manager.

For further information call 01892 550 600 or email info@discoveryfunds.co.uk