

## 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 30/06/2020

	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Discovery Balanced Fund C Acc	13.06%	-5.39%	-1.30%	3.71%	17.44%	100.76%
IA Mixed Investment 20%-60% Shares	10.13%	-4.07%	-0.63%	4.74%	19.35%	87.50%

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

Three months ago, the commentary started with "The first quarter of 2020 will be remembered in history." Put succinctly Coronavirus was sweeping the world, global economies rapidly went into freefall and recessions hit most economies – almost immediately - as commerce basically stopped. In response stock markets experienced huge falls, the oil price (albeit only for a short time) went negative and both governments and Central Banks of many nations went into overdrive with stimulus packages worth trillions of dollars to stop economies stopping.

With this backdrop, who knew which way the economies of the world and the capital markets would react? A policy mistake could/would lead to a great depression. In April alone the UK economy registered a fall of over 20%. A number so large and unusual that in reality it just does not register properly when taking history as a guide. It was estimated that 40 million lost their jobs in less than 10 weeks in America. To put that into some degree of framing, the population of the country is a little over 320m and the unemployment rate went from less than 5% to about 15% (although this number could actually be much higher) as the economy ground to a halt. Closer to home, the furlough scheme put in place by the UK Government to help individuals and businesses now covers over 8.5 million people and although certain parts of the economy are opening up again, it will be a long, slow process until the economy is recovered. Thoughts relating to how all of this will be paid back are not front of mind, but taxes are likely to rise. As the now famous "R" numbers ebbs and flows and regional spikes cause concerns (and further lockdowns) we are not out of the woods yet.

There is still a great deal of uncertainty out there. Will the transportation and hotel / hospitality industries recover for instance? During the pandemic, Warren Buffett – widely regarded as the world's best investor (and one of the wealthiest men on the planet) threw in the towel and sold his entire exposure to airlines. Considering he owned 11% of Delta Airlines, 10% of American Airlines, 10% of Southwest Airlines and 9% of United Airlines that certainly tells you something. Will Social distancing remain and what will be the impacts on the pubs and restaurant industry? How will events that have mass gatherings fare? Will the High Street survive? Will I be able to get my hair cut?

Companies still do not have much transparency in their earnings or profits. Businesses will suffer and a number have already gone under including well-known names. At the moment, analysts cannot forecast properly and there will be bumps along the road and big bouts of volatility. The "new normal" will change habits. Corporations will have to adjust. The coronavirus is far from beaten – there still is no vaccine, although over 100 companies are investing heavily on finding one. Don't be surprised if governments come back with further stimulus packages.

In response to the stimulus packages already announced, equity markets experienced a massive revival of spirits. They have "looked through the valley of despair" and don't think things are all bad. Within the first quarter of the year, the US stock market witnessed its largest ever fall; during the second the US stock market saw its sharpest ever rise / recovery. Who ever said investing was boring?!

There will be winners and losers as we look forward, and this is being witnessed in our daily lives. For instance, the CEO of Microsoft said in May over 2 years of digital transformation occurred in the last 2 months and the share of online commerce in the UK rose by over 11% in the last quarter from 16% as more undertake their shopping via the internet, and companies such as Zoom become household names. On the other hand, the High Street suffered massively and many well-known names entered administration. The shape of the economy is changing.

As this commentary started, so it will end: The second quarter of 2020 will also be remembered in history.

## Key facts

Inception Date	21/03/2005
Number of holdings	28
Ongoing charge figure (C)	0.80%
Estimated yield (C Acc)	3.22%
Fund size	£55.1m

## Current asset allocation

Alternatives	5.49%
Cash	3.08%
Fixed Interest	30.88%
UK Equities	21.41%
International Equities	32.31%
Property & Infrastructure	6.83%

## Top 10 holdings as at 30/06/2020

Fidelity Index UK	10.87%
Fidelity Index World	6.80%
Fidelity Index US	5.79%
Vanguard Global Bond Index	4.92%
JPM GBP Ultra-Short Income UCITS ETF	4.82%
Legg Mason IF MC European Unconstrained	4.68%
Lyxor Core FTSE Acturs UK Gilts(DR)UCITS ETF	4.55%
Brown Advisory Global Leaders	4.26%
Artemis Corporate Bond	4.02%
Baring Global Dividend Champions	3.87%

## 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

## FOR PROFESSIONAL ADVISERS ONLY

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](mailto:info@discoveryfunds.co.uk)**