

**Investment objective**

The objective of the Fund is to provide returns through a combination of capital growth and income over a market cycle (5 years). 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 30/06/2021**

	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	MANAGER START DATE
Discovery Balanced Fund C Acc	3.95%	4.52%	14.80%	13.58%	37.80%	35.63%
IA Mixed Investment 40%-85% Shares	4.95%	6.58%	17.29%	21.40%	47.84%	55.10%

**Past performance is not a reliable guide to future performance.**

Source: Financial Express Analytics. All figures quoted are on a total return basis with income reinvested. The Manager Start Date was 1/12/2014.

**Fund managers' commentary**

The second quarter of the year was quite a strong one for capital markets with very few registering negative returns – of the major equity markets, only the Japanese Index – the Nikkei 225 posted a red number (and that was a loss of less than two percent). At the other end of the performance league table, the highly unpredictable and volatile Brazilian market was one of the strongest performers (up more than 20%), but impressive returns were recorded from the US (S&P500) the UK (FTSE 100), Germany (FTSE Germany) Emerging Markets (MSCI) and the world as a whole (MSCI).

Most fixed income indexes delivered returns in the black too, albeit at much more muted levels of return, but this isn't surprising considering the level of interest rates across the globe and this is where the quandary of capital markets exist. Governments and Central Banks of the world have taken to "printing money" over the last 15 months to smooth the financial issues caused by the coronavirus pandemic. Never in history have we seen such a huge shock to the global economy and never in history have we seen such a globally coordinated response from the policy makers to reduce the impact. The world is now awash with debt, and at the moment – arguably – the servicing of the debt is manageable. Interest rates are at, or next to zero (or actually negative in the Eurozone and Japan). Another low number that helps keep the debt manageable at present is inflation, and recent indications of inflation suggest this number is growing. If inflation rises, interest rates usually need to rise to offset this. Will governments be able to issue more debt at higher rates and still be able to service this debt?

Inflation is a "year-on-year" number so shocks and surprises can drastically affect the monthly figure. Events that happened a year ago can positively or negatively impact inflation and if you cast your mind back, the world was in a very different place compared to today. But, with inflation numbers in the US and UK coming in higher than expected the capital markets are at the moment discussing whether the present inflation is sustainable or transitory – i.e., is this high level of inflation here to stay? It doesn't help when the price of oil – a major component of the inflation basket – as measured by Bloomberg – is up 20% over the last quarter and almost 60% over the last year.

It is fairly safe to suggest the world has changed quite dramatically from a capital markets and economic perspective since the beginning of last year and there are still a lot of unanswered questions surrounding the long-term outcome of the current health crisis the world finds itself in. There are always risks associated with making any investment in any asset class, and investing should be considered with a longer-term mind-set. The strong returns witnessed in the last quarter, and in the last 12 months are unlikely to repeat in the next quarter, but there will be opportunities and a diversified portfolio should assist in maximising risk adjusted returns.

**Key facts**

Inception Date	21/03/2005
Manager Start Date	1/12/2014
Number of holdings	31
Ongoing charge figure (C)	0.80%
Yield (C Acc)	1.86%
Fund size	£77.6m

**Current asset allocation**

Alternatives	6.42%
Cash	0.00%
Fixed Interest	28.39%
UK Equities	23.11%
International Equities	37.12%
Property & Infrastructure	4.96%

**Top 10 holdings as at 30/06/2021**

Fidelity Index UK	9.98%
Fidelity Index US	7.15%
Legal & General UK Mid Cap Index	5.76%
JPM GBP Ultra-Short Income ETF	5.19%
Fidelity Emerging Markets	5.04%
Franklin UK Equity Income	4.46%
Legg Mason IF MC European Unconstrained	4.09%
Legal & General Global Inflation Linked Bond Index	3.97%
Artemis Corporate Bond	3.77%
MS INVF Asia Opportunity	3.55%

**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)**