

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 the Hawksmoor Investment Solutions division at Hawksmoor Investment Management. He is one of the UK's best known multi-manager investors and previously AA rated by OBSR, Citywire and S&P. Prior to the Hawksmoor and Wellian merger, 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 31/03/2023

	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	MANAGER START DATE
Discovery Balanced Fund C Acc	2.3%	4.5%	-5.3%	20.8%	9.4%	26.3%
IA Mixed Investment 40%-85% Shares	2.2%	5.1%	-4.5%	27.0%	21.9%	48.5%

Past performance is not a reliable guide to future performance.

IA sector source: FE fundinfo. All figures quoted are on a total return basis with income reinvested.

The manager start date was 1/12/2014.

Fund managers' commentary

The first quarter of 2023 built on the final quarter of 2022 with returns – in the main – being positive, albeit not without (many) moments of uncertainty. In January, even though interest rates and inflation remained stubbornly high, the Chinese authorities relaxed a number of their strict Covid policies and the capital markets saw this as a positive sign and the “everything” rally continued. It didn't matter if you invested in equities or fixed income instruments. It made no real difference if you stored wealth in gold or high tech. Seemingly everything went up. February poured cold water on the party as a few unwelcomed economic indicators suggested a UK and US recession were still very real possibilities. The US is the world's largest economy – if that slows down, the odds are the rest of the globe will too. The UK saw inflation rise and interest rates followed suit.

March saw Credit Suisse – one of the largest Banks from a country synonymous with banking - forced into a takeover by UBS. Two banks in the US also collapsed, which became number two and three in terms of size on the list of banking failures in US history. However, after a few days all appeared to have been sorted – the issues were all company specific, not a portent to another banking crisis and markets shrugged off the problems and headed north again.

Markets are feeling very jittery at the moment – regardless of asset class. One day, all is set fair. The next, clouds are on the horizon. This is common as markets adapt to the current investment regime. A little over a year ago the investment acronym was TINA (There Is No Alternative) – cash on deposit was nil, fixed income yields were poor and the only game in town was to invest into equities to achieve returns. Today we have TANIA (There Are Numerous Investment Alternatives) and this will create investment opportunities as well as challenges.

What we do know is that with inflation at these levels combined with the speed that interest rates have risen to combat them means that we are likely to see GDP growth slow, and potentially cause recessions – possibly a global one. The US has an inverted yield curve – which has been a good measure for predicting previous recessions adding yet more fuel to the negative fire. On the other hand, consumers are still spending, job vacancies are high with corresponding unemployment low (although certain pockets of the US based tech economy are witnessing layoffs) which could prolong economic growth. There remains a war between Russia and Ukraine, and political tensions between the US and China, and the UK and Europe. Now is not the time to be complacent.

Source for performance figures: FE fundinfo.

Key facts

Inception Date	21/03/2005
Manager Start Date	1/12/2014
Number of holdings	29
Ongoing charge figure (C)	0.89%*
Yield (C Acc)	2.6%
Fund size	£91.9m
ISIN (C Acc)	GB00BYN66598

*The 0.80% OCF cap on the C share class was removed from 1st March 2023

Current asset allocation

Alternatives	5.9%
Cash	0.2%
Fixed Interest	27.9%
UK Equities	24.9%
International Equities	37.2%
Property & Infrastructure	3.8%

Top 10 holdings as at 31/03/2023

Fidelity Index UK	12.1%
Fidelity Index US	11.5%
WisdomTree Global Quality	6.3%
JPM GBP Ultra-Short Income UCITS ETF	4.8%
Franklin UK Equity Income	4.6%
Legal & General UK Mid Cap	4.4%
Allianz Strategic Bond	4.3%
Man GLG Sterling Corporate Bond	4.2%
Royal London Short Duration Global High Yield Bond	4.0%
LF Gresham House UK Multi Cap	3.8%

About Hawksmoor Investment Management

Hawksmoor Investment Management 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. Hawksmoor Investment Management 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 Hawksmoor Investment Management (Hawksmoor). Hawksmoor is authorised and regulated by the Financial Conduct Authority. The information provided in this document has been provided from sources by us believed to be reliable and accurate and Hawksmoor Investment Management does not accept any liability for the accuracy of the contents. Asset allocation percentage figures may not add up to 100 due to rounding. 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 01392 410 180 or email info@discoveryfunds.co.uk