

Quarterly update - ending 30th September 2023**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 29/09/2023

	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	MANAGER START DATE
Discovery Balanced Fund C Acc	0.4%	0.6%	5.1%	5.4%	5.0%	27.0%
IA Mixed Investment 40%-85% Shares	-0.2%	0.0%	5.1%	10.2%	14.6%	48.4%

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

2023 has thrown up some unusual investment conditions and the third quarter continued the theme. Three months ago we highlighted the breadth of the market being incredibly narrow with large cap tech stocks being the driving force behind the strong market performance. During the quarter inflation (although falling) remains high, interest rates continued to rise and column inches referencing the word "recession" gathered pace. Although more than 50% of the indices (equity, bond, commodity) that we closely follow registered positive returns in the three months to 30 September, it is interesting to note that returns were more discriminate. For example, shorter-dated gilts (those with 5 years to maturity) delivered a positive return (approaching 3%), whereas gilts with a longer-dated maturity profile (more than 15 years) were near the bottom of the table with losses greater than 5%.

The price of, and inflationary implications of Oil continues to dominate the headlines. In the third quarter, the oil price was up by almost a third and this will have knock-on effects for the global economy. Although trillions of dollars is earmarked to be invested in renewable energy projects for the next couple of decades, there is no escaping the fact that as a world we are still very reliant on oil (and will be for a long time to come). The oil price is pretty much defined by OPEC and their production quotas; if they want a higher price, they drill less. The US Strategic Petroleum Reserve – which usually provides a buffer / cushion to the vagaries of the oil price volatility has also fallen precipitously of late and that too will have an impact on the price. As oil prices rise, the attractiveness of shale and extraction of oil via fracking steps in and this helps create a ceiling price, but it can take some time for the supply to match the demand. Political uncertainty in the Middle East is also causing prices to rise. A high oil price generally leads to a lower GDP, higher inflation and high interest rates. Watch this space.

With uncertainty abound, capital markets decided (in the main) to have a quarter of "risk-off" – with the fixed income indices being among the best performers. The perceived less risky equity investment style of "value" tended to outpace their "growth" counterparts adding more anecdotal evidence of "risk-off".

Looking forward, we expect the year to carry on in the same vein with more volatility and uncertainty. Central Bank action relating to interest rates and management of inflation will be key as we head into the final quarter of the year.

Key facts

Inception Date	21/03/2005
Manager Start Date	1/12/2014
Number of holdings	30
Ongoing charge figure (C)	0.93%
Yield (C Acc)	2.8%
Fund size	£87.3m
ISIN (C Acc)	GB00BYN66598

Current asset allocation

Alternatives	6.1%
Cash	0.1%
Fixed Interest	28.3%
UK Equities	24.1%
International Equities	37.6%
Property & Infrastructure	3.8%

Top 10 holdings as at 29/09/2023

Fidelity Index UK	12.0%
Fidelity Index US	10.7%
Fidelity Index World	5.2%
JPM GBP Ultra-Short Income UCITS ETF	4.8%
WisdomTree Global Quality	4.8%
Franklin UK Equity Income	4.5%
Man GLG Sterling Corporate Bond	4.4%
LF Gresham House UK Multi Cap	4.3%
Royal London Short Duration Global High Yield Bond	4.1%
SEI Liquid Alternative	3.5%

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