

# Cautious Managed Fund

Update from launch 27/03/19 to 31/12/19

## 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 31/12/2019

In order to comply with the regulation on financial promotions, Wellian Investment Solutions cannot present past performance of the fund until the first anniversary of the fund launch. Accordingly, we cannot express the fund price change as a percentage until 27 March 2020.

|   | 3 MONTHS | 6 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS |
|---|----------|----------|--------|---------|---------|
| <b>Simulated performance for Discovery Cautious Managed</b> | 1.78%    | 3.17%    | 10.99% | 16.73%  | 35.81%  |
| <b>IA Mixed Investment 20%-60% Shares</b>                   | 1.72%    | 3.59%    | 11.84% | 13.73%  | 27.00%  |

This fund launched on 27/03/2019 and the above simulated past performance describes the returns which investors may have experienced based on a simulated assessment of the underlying holdings and therefore returns which could have been experienced over the given 5 year period. Performance data is provided gross of investment management fees.

Source: Financial Express Analytics. All figures quoted are on a total return basis with income reinvested. This fund launched on 27/03/2019 and the above simulated past performance describes the returns which investors may have experienced based on equivalent investment or benchmark performance over the same period

## Fund managers' commentary

In the final quarter of the year, capital markets were quite volatile. In reality it should not be surprising considering the trade war between the US and China gathered apace, the announcement of and subsequent UK general election and fears of global economic slowdown. Q4 saw the oil price rise significantly (partly as the effects from the September terrorist attack on oil installations in Saudi Arabia were starting to be realised) and a rising oil price should have negative impacts to both economic growth and keeping inflation under control.

By and large, capital markets were positive though for UK investors in the last quarter of the decade. Sterling strengthened against the main currency blocs – registering an almost 7% improvement against the US Dollar and over 4% against its largest trading partner – the Euro. This – obviously – produced negative returns for the major bond markets for Sterling investors, and the UK gilt market also suffered. Although the Conservatives won by a significant majority, the odds are the new government are likely to take their foot off the austerity brake meaning more government debt issuance is likely to be forthcoming.

Europe welcomed Christine Lagarde as the new President of the European Central Bank. She takes over from Mario Draghi and has a lot of work to do to get the union growing! She also inherits a negative interest rate scenario (meaning no quick wins) and the largest economy - Germany - on the precipice of recession. The rest of the continent sees sluggish economic growth numbers. Europe has suffered from the trade war between the US and China as it hasn't pinned its colours to either mast and therefore has been squeezed.

Looking forward we expect interest rates to remain low, inflation to be subdued but volatility to remain high. Last year the "yield curve" in the US inverted (basically meaning it cost more money to borrow in the short-term rather than the long) and this has always been seen as a reliable indicator to the next recession. Equity markets performed really strongly in 2019 and we don't foresee this to be repeated in 2020. Corporate earnings are high, corporate debt is high. Vigilance is key.

## Cautious Managed Fund

Quarterly update - ending 31<sup>st</sup> December 2019

## Key facts

|                           |            |
|---------------------------|------------|
| Inception Date            | 27/03/2019 |
| Number of holdings        | 28         |
| Ongoing charge figure (C) | 0.80%      |
| Estimated yield (C Acc)   | 1.70%      |
| Fund size                 | £16.7m     |

## Current asset allocation

|                           |        |
|---------------------------|--------|
| Alternatives              | 3.03%  |
| Cash                      | 0.88%  |
| Fixed Interest            | 38.71% |
| UK Equities               | 16.85% |
| International Equities    | 26.07% |
| Property & Infrastructure | 12.13% |
| Multit-Asset              | 2.33%  |

## Top 10 holdings as at 31/12/2019

|  |        |
|--|--------|
| Fidelity Index World                       | 10.70% |
| Fidelity Index UK                          | 8.33%  |
| Vanguard FTSE Developed World ex-UK Equity | 6.84%  |
| JPM GBP Ultra-Short Income UCITS ETF       | 5.03%  |
| iShares Core Corp Bond UCITS ETF           | 4.89%  |
| iShares Overseas Corporate Bond Index (UK) | 4.29%  |
| Baillie Gifford Strategic Bond             | 4.12%  |
| BNY Mellon Global Infra Income             | 4.05%  |
| Lyxor Core FTSE Acturs UK Gilts            | 3.83%  |
| GCP Student Living PLC                     | 3.79%  |

## 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.

Wellian Investment Solutions is wholly owned by Harwood Wealth Management Group PLC (HWMG). HWMG is a business listed on the London Stock Exchange AIM market. As a listed business, HWMG is subject to the highest standards of corporate governance. At the most recent results announcement (the Interim Results of June 2019), HWMG had Assets Under Influence of £5.3bn.

## Disclaimers

## FOR PROFESSIONAL ADVISERS ONLY

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This fund launched on 27/03/2019 and the above simulated past performance describes the returns which investors may have experienced based on a simulated assessment of the underlying holdings and therefore returns which could have been experienced over the given 5 year period

**For further information call 01892 550 600 or email [info@discoveryfunds.co.uk](mailto:info@discoveryfunds.co.uk)**