

A panoramic view of the London skyline at dusk. The Shard, a tall, glass-clad skyscraper, stands prominently in the center. To its left is the Gherkin, a distinctive, rounded building with a glass facade. The sky is filled with soft, golden light from the setting sun, and a few wispy clouds are visible. In the foreground, various other buildings and structures of the city are visible, including a crane and a church spire. The overall scene is a vibrant and modern urban landscape.

Discovery

Multi Asset Funds

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Why Choose A Discovery Fund?

There is an old investment adage that says you shouldn't put all of your eggs in one basket. A multi asset fund can provide a fully diversified managed portfolio in one fund.

Diversification

The three Discovery Funds are typically invested across 15-30 different funds managed by leading investment houses such as Schroders, M&G and Fidelity as well as specialist boutiques such as Liontrust, Latitude and Fundsmith. Each of these underlying funds will have exposure to a great many shares, bonds and other assets. Therefore a single investment into one of The Discovery Funds will diversify your wealth across a myriad of different assets, countries and investment styles.

Always actively managed

Investment markets are constantly evolving as economies, politics and technologies change. We have access to some of The City's very finest economists, strategists and analysts and set an asset allocation that offers the best opportunities for performance.

Constant risk monitoring

We are always aware that risk is every bit as important as reward. For this reason we spend a lot of time looking at the changing risks in the portfolio and how we can mitigate them where possible. We continually reassess how different funds might be affected by changes in stock markets, politics, currencies or by one-off shocks.

Tax efficiency

When our investment team makes a change within one of The Discovery Funds, there is no personal Capital Gains Tax charge for you to pay, even if you have already made gains elsewhere. Only when you decide to sell units in one of The Discovery Funds may there be a CGT charge if the profits exceed the current CGT limits. This gives you, and your financial adviser, far more control over your personal CGT position. The funds can be invested within an ISA wrapper for a further tax efficiency*.

*Please note that the extent and value of any tax advantages or benefits may vary according to your individual circumstances and the levels and bases of taxation may be subject to change.



The Discovery Funds

There are three Discovery funds: Discovery Cautious, Discovery Balanced, and Discovery Growth.

The Cautious fund is benchmarked against the Investment Association 20-60% shares sector, the Balanced fund is benchmarked against the Investment Association 40-85% shares sector, and the Growth fund is benchmarked against the Investment Association Flexible sector. This gives them a great deal of flexibility in the investment approach they can take.

The objective of the funds is to provide returns through a combination of capital growth and income whilst maintaining a suitable risk profile. The funds will primarily gain exposure indirectly via mutual funds and other collective investment vehicles (for example Investment Trusts or Exchange Traded Funds (ETFs)).

Diversification will be achieved as the underlying managers employed will invest in financial instruments such as shares, sovereign and corporate debt, money market assets, deposits, property, commodities, and other assets.

Building Blocks

Each fund can be used on its own but they can also be blended together to give you the ability to create your own custom portfolio. Using each fund as a building block, you can create a simple portfolio combining as many of the funds as you need in order to create the ideal solution for your personal situation.



What Do We Invest In?

We buy collective investment vehicles such as unit trusts and OEICs with an emphasis on cost-efficient instruments such as ETFs and index trackers.

Although they are the simplest of structures, these types of investments have stood the test of time. They are very well regulated and have an independent trustee or depository keeping an eye on the assets. They are tax efficient and we won't be crystallising tax liabilities when we make changes within one of the funds.

There are more than 100,000 mutual funds available globally. This excludes the countless unlisted private equity, hedge and other more exotic funds which we don't consider as part of our universe.

Our approach to this problem is to find a systematic, robust and repeatable way of dramatically reducing the number of fund managers with whom we need to engage. Where we decide to include an actively managed fund to compliment our passive holdings, we are only interested in finding truly exceptional fund managers and therefore we have built screening tools to identify those managers which have delivered consistently strong results with low volatility.

How Do We Select Managers?

We have designed and built a tool called SEMAFOUR that does the work of an army of analysts, unemotionally sifting through funds and looking for those which have proved to be the best.

Do We Only Rely On SEMAFOUR?

Our analysis shows that SEMAFOUR left alone would still do a very good job of picking fund managers but for us SEMAFOUR is just the start of the manager selection process. Once SEMAFOUR has identified suitable funds, we then put fund managers through an exhaustive process of questioning them about their investment philosophy, process and the resources they have.



Our Attitude To Risk

It is a mistake to look at the risk inherent in just a single asset without looking at the other diversifying assets that are held alongside it. Offsetting risks through diversification is one of the most important things we do and we have built our own risk software called Portcullis to monitor all of the elements in our portfolio and identify ways that we can maximise the potential without unduly increasing risk.

Fund managers like to give the impression that they have analysed every possible scrap of information and know all that there is to know about a particular market. However, we are prepared to admit that there are some things which are simply unknowable; no amount of research would have prepared us for the 9/11 attack, the Japanese earthquake or the Coronavirus pandemic and by the time you see the risk, it is simply too late to react. That is why we will never over commit ourselves to one particular theme.

Risk changes over time. That may seem a very obvious statement but the investment community often treats risk as a constant. If you built a portfolio ten years ago with a particular amount of risk tolerance in mind, it may have started out properly balanced but it will have gone on a wild ride ever since, taking your hard earned pension or life savings with it. Unless a fund manager constantly rebalances the portfolio to adjust for the changing risks in different asset classes, it is inevitable that you will meander between having too much or too little risk. We follow the Goldilocks approach to risk management and aim to neither have too much nor too little risk at any time.



Further Information

To find out more about The Discovery Funds and how they may be suitable for your individual needs, whatever level of investment is being considered, please contact us:

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Important Information

The value of your investments and the income from them can go down as well as up and you may get back less than you invested. Past performance is not a guide to future performance. This document is not intended to constitute financial advice; if you are in any doubt as to its contents you should seek independent financial advice.

This document has been prepared for information purposes by Hawksmoor Investment Management Ltd as the appointed Investment Manager of the Discovery Funds. Authorised and regulated by the Financial Conduct Authority, Firm Reference Number 472929. The authorised corporate director of the fund is Valu-Trac Investment Management Limited, authorised and regulated by the Financial Conduct Authority.

For further information, please read the full Discovery Funds documentation, Prospectus, Key Investor Information Documents and Fact Sheets, which can be found on the Valu-Trac website: www.valu-trac.com