

IQ Growth Strategy

The aim of this portfolio is to provide a growth total return strategy by investing through collective investment schemes.

The portfolio invests principally through global equities, fixed-interest securities, property, alternatives, themes and targeted absolute return strategies. The portfolio can also hold a percentage weighting in cash deposits for both liquidity and tactical reasons.

RISK & REWARD PROFILE

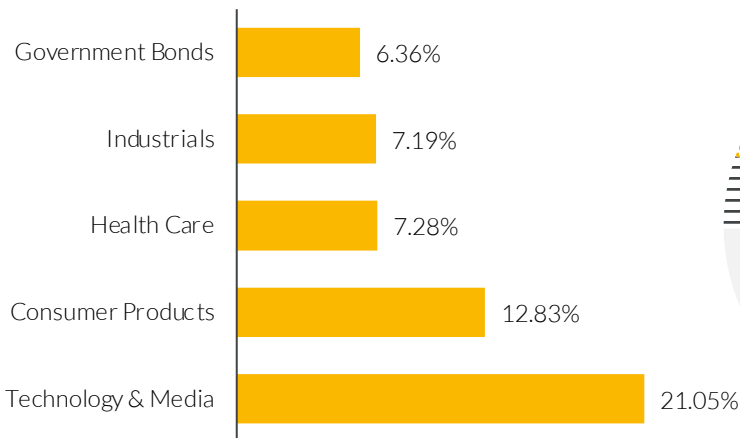


CURRENCY
GBP

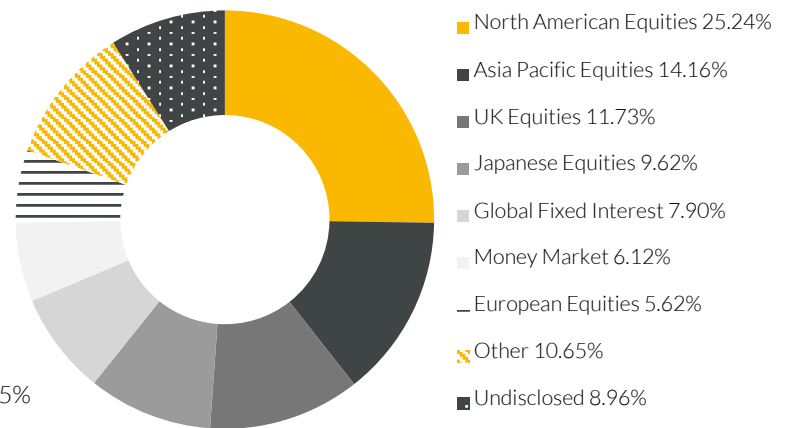
HISTORIC YIELD
0.50% p.a.

PORTFOLIO EXPENSE
0.72% p.a.

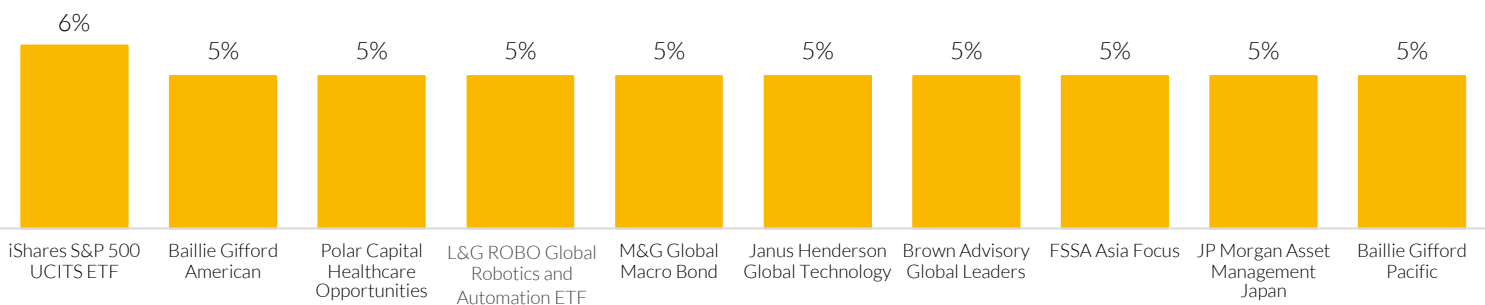
Top Sector Allocation



Asset Allocation



Largest Fund Holdings*



Performance

	YTD	31/12/19 to 31/12/20	31/12/18 to 31/12/19	31/12/17 to 31/12/18	31/12/16 to 31/12/17	Cumulative return (since Sep-07)	Annualised return (since Sep-07)
Growth Portfolio**	-0.53%	20.49%	20.57%	-7.76%	17.38%	187.86%	8.14%
ARC Sterling Steady Growth PCI (Benchmark)	2.10%	4.56%	15.00%	-5.64%	9.40%	96.34%	5.12%

Please remember that past performance is not a guide to the future.

*Key (investor) information documents are available for each fund on request.
**Performance figures take account of underlying fund charges but not IQ's fees.

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Quarterly Commentary

The first quarter of the New Year was dominated by rising bond yields and a rotation out of equity growth stocks into value. The announcement of a further US stimulus package and the phenomenal success that the vaccine rollout has enjoyed in the US and in the UK were the two main drivers behind this.

It has now been over a year since the global equity markets collapsed before rallying back, recording their shortest bear market in history; and recent predictions regarding the reopening of the global economy have meant further advancements for risk assets.

Other asset classes – such as commodities – have also benefitted from the potential for global GDP numbers to see significant improvement. The prospects of increased manufacturing demand, China's insatiable appetite for commodities and growing investor interest in sustainable themes have been behind many of their price movements. While overall inflation remains relatively low, the recent rise in commodity prices is beginning to show up in producer price inflation, which is usually good news for the value end of the market. Nevertheless, there are still many good quality growth opportunities in technology and in the green energy sector. Admittedly, some equity valuations do look rather stretched but there is a positive outlook for corporate earnings over the coming months which should support many of those higher valuations.

As lockdowns ease, vaccination programmes continue and central bank policies remain accommodative, the global economy is now expected to strengthen significantly between now and the end of the year. This is likely to create a further positive backdrop for risk assets such as global equities and a broadening out of stock market asset allocations. Covid-19 will doubtless leave an enduring mark on people's lives and on the business community. Just as importantly, the pandemic is predicted to result in the fastest growth in GDP in a generation, as well as catalysing major advances in disruptive technologies and the green revolution – all of which will mean further exciting investment opportunities for the future.

Strategy Commentary

Performances have been mixed across funds over the past quarter: rising government bond yields, a rotation to value and concerns over higher inflation have combined to cause widespread volatility in global markets. The top three performing funds were **Chelverton UK Equity Growth (+13.03%)**, **iShares S&P 500 ETF (+5.13%)** and **Liontrust Special Situations (+4.69%)**. This performance reflects the improved performance of the UK market during the quarter. With a Brexit deal having finally been agreed and a 'cliff-edge' no-deal scenario averted, the performance of the domestic focused mid-cap companies featuring in the Chelverton UK Equity Growth portfolio benefitted from a stronger pound and a more favourable investment environment. This fund remains top in its sector over three and five years.

The worst performing fund over the quarter was the **JPM Japan (-8.56%)** reflecting the underperformance of the Japanese market against a backdrop of a weakening Yen in response to the fierce rise in US Treasury yields. Many Japanese companies also suffered from the extended state of emergency declared to contain the Covid-19 pandemic. This affected both corporate and household spending.

Our investment team will continue to work tirelessly on the portfolio, monitoring the financial markets, contacting fund managers and making investment decisions that we believe will benefit the strategy over the longer term.

Investment Team



Peter Lowman
CIO

Before joining IQ, Peter was a Vice President and Private Client Executive for Morgan Stanley Quilter. Prior to that, he spent thirty years at Cazenove & Co where he worked primarily as an Investment Director for Cazenove Fund Management Limited, as well as serving as Fund Manager for the Cazenove Global Equity Fund.



George Steger
Senior Wealth Manager

After graduating from Exeter in 2012, George managed retail wine stores for two years. George joined IQ in 2014 and was appointed Wealth Manager in 2017, providing him with many opportunities to interact with clients.



Nick Harrington
Associate Investment Analyst

Nick graduated from Durham in 2019 and joined in January 2020 as part of the IQ Graduate Scheme. Nick currently focuses on North American and Asian markets, alongside assisting the CIO with the firm's thematic research.



Holly West
Associate Investment Analyst

Holly graduated from Southampton in 2020 and joined in June 2020 as part of the IQ Graduate Scheme. Holly currently focuses on the UK, European and Emerging markets.