

## IQ Growth and Income Strategy

The aim of this portfolio is to provide a growth and income 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

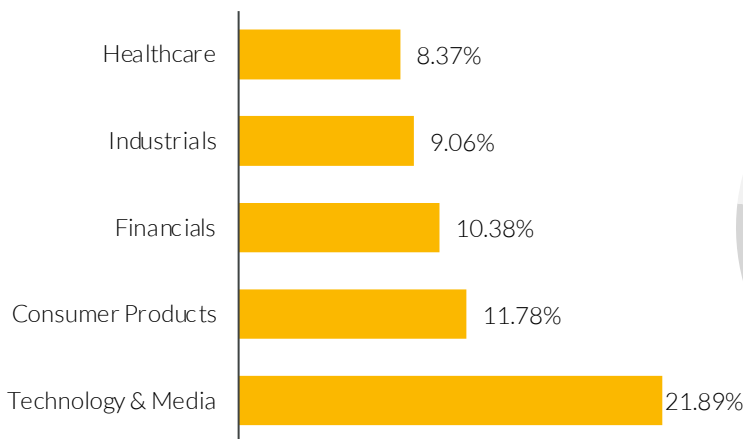


**CURRENCY**  
**GBP**

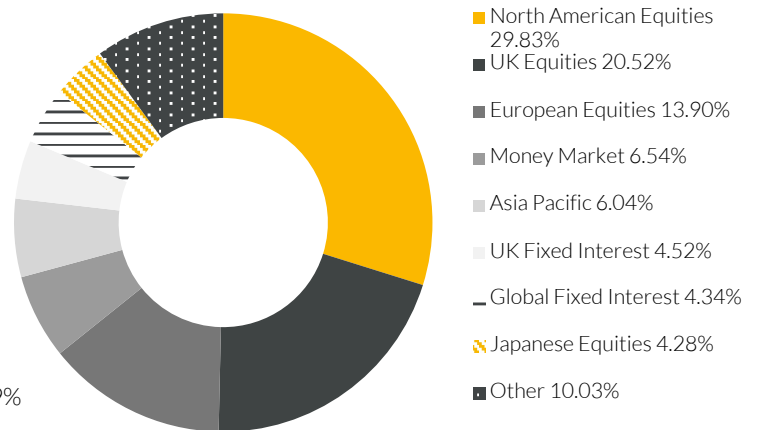
**HISTORIC YIELD**  
**1.77% p.a.**

**PORTFOLIO EXPENSE**  
**0.88% p.a.**

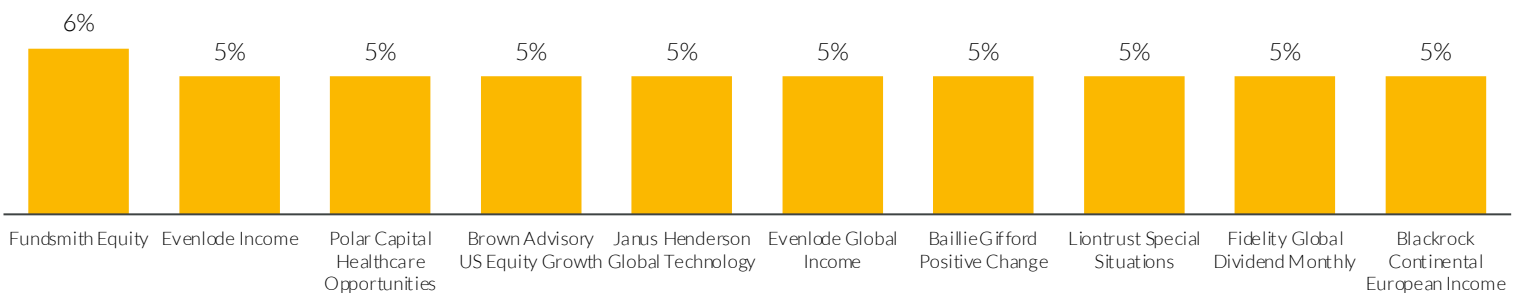
### Top Sector Allocation



### 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 & income Portfolio**	0.81%	5.59%	19.59%	-5.45%	13.97%	153.43%	7.12%
ARC Sterling Cautious 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 strategies were **Jupiter Asian Income (+6.98%)**, **Liontrust Special Situations (+4.69%)** and **Liontrust Global Dividend (+4.51%)**. This performance of the Liontrust Global Dividend fund validates the strategy's more pronounced global focus, pursuing a combination of world-leading companies to drive the portfolio's total return while ensuring they generate sustainable dividend pay-outs. The Jupiter Asian Income fund maintains an overweight to cyclical sectors such as materials and industrials – both of which outperformed throughout the first quarter of the year as markets rotated from growth to value. While we generally favour high-quality growth businesses, this performance vindicates the decision to maintain an allocation to an Asian income fund that has been in a better position to benefit from a widening market recovery.

The worst performing fund over the quarter was **Comgest Growth Japan (-7.49%)**, reflecting the underperformance of growth stocks in Japan amid the wider cyclical rotation to value and a weakening of the Yen. Having performed so well in 2020, many of these companies remain well-placed to weather market volatility and outperform in the long term: they still have strong balance sheets and experienced management teams keen to embrace innovation.

Powered by data from FE, data collected: 01/04/2021

This document is for information only and is not intended to constitute investment advice or promotion of this strategy. Errors & omissions excepted.

## 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.

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