Active Strategies

JANUARY 2022

INVESTMENT QUORUM
UNIQUE, BOUTIQUE WEALTH MANAGEMENT

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.

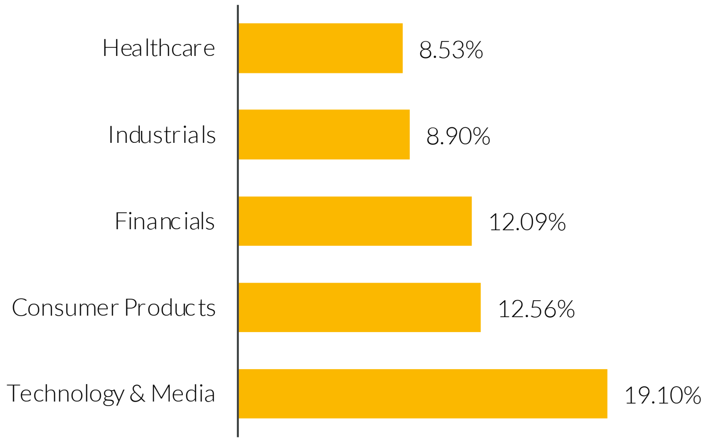
RISK & REWARD PROFILE

LOWER RISK ← → HIGHER RISK

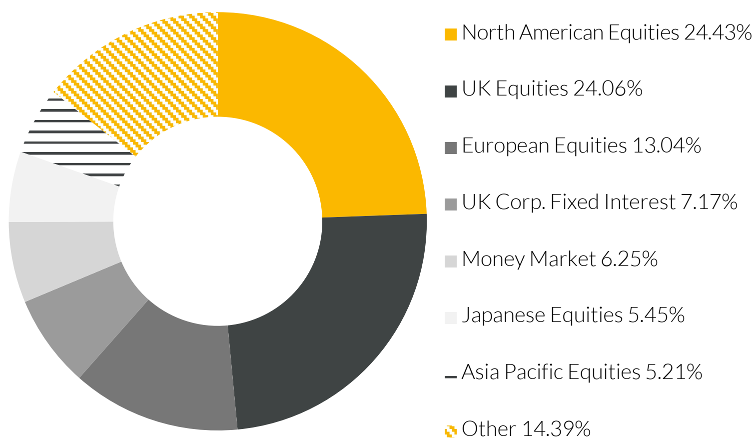
1 2 3 **4** 5 6 7

CURRENCY	HISTORIC YIELD	TOTAL FUND CHARGES
GBP	**1.70%** p.a.	**1.04%** p.a.

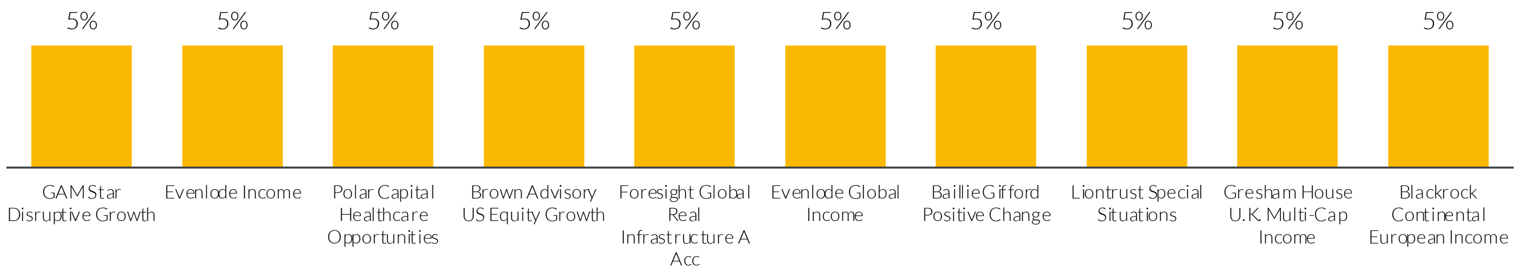
Top Sector Allocation



Asset Allocation



Largest Fund Holdings*



Performance

	31/12/20 to 31/12/21	31/12/19 to 31/12/20	31/12/18to 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**	11.40%	5.59%	19.59%	-5.45%	13.97%	179.93%	7.48%
ARC Sterling Steady Growth PCI (Benchmark)	10.76%	4.56%	15.00%	-5.64%	9.40%	113.00%	5.44%

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 and platform fees.*

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Quarterly Commentary

Over the fourth quarter of the year, developed markets continued to rally, providing global investors with their third calendar year of strong positive returns. The continuation of accommodative central bank policy, strong corporate earnings growth, and the best year on record for global mergers and acquisitions helped to propel global markets higher throughout most of the year. While market volatility remained low, the emergence of Omicron (a highly infectious variant) combined with a significant rise in global inflation to levels not seen in decades, gave rise to some concern in the latter part of the year. This pickup in inflationary pressures has pushed up the prices of essential goods (such as food), as well as the cost of transport and utilities: more than two-thirds of people around the world are now feeling the squeeze. The Bank of England reacted immediately by raising interest rates to 0.25%, while many other leading central banks reduced their monthly asset buying programmes.

The performance of fixed-income markets remained flat, as they tried to assimilate the effects of higher inflation and likely central bank intervention. Equally, commodities have been among the most volatile assets in 2021 with coffee and crude oil to lithium and gas delivering stellar performances. Other economic challenges came in the shape of global supply chain bottlenecks and labour shortages, as the “Great Resignation” hit the headlines around the world. Nevertheless, Wall Street continued to hit new all-time highs, completing a hat-trick of positive annual returns, its best three-year stretch since 1999, and setting a near 90% return over the past 36 months.

Looking towards 2022, portfolios will need to stay broadly diversified: Covid, inflation and changes to central bank policy are likely to affect market sentiment over the coming months. However, above-trend GDP growth and robust corporate earnings should justify maintaining an overweight asset allocation towards global equities.

Strategy Commentary

Performances have been mixed across funds over the past quarter. The global recovery from the effects of Covid-19 was again disrupted with the emergence of the Omicron variant, with concerns over persistent inflation and rate hikes continuing to unsettle global markets. Despite these issues, this strategy continued to deliver a sensible risk-adjusted return over the quarter. The top three performing funds were **Baillie Gifford Global Income Growth (+7.58%), GAM Star Disruptive Growth (+6.83%)** and **Brown Advisory Global Leaders (+6.61%)**. The strong quarter for the GAM fund illustrates how, even during a period where more innovation-focused funds mostly suffered due to announcements concerning early rate hikes, selecting the right active manager with the experience to invest in a portfolio of disruptors across all sectors – not just technology – can drive long-term outperformance. We believe that the GAM strategy will continue to deliver strong returns: the fund features companies that spearhead progress and characterise the world in which we live.

The worst performing fund over the quarter was **Comgest Growth Japan (-7.44%)**. Following a strong Q3 with the resignation of Prime Minister Suga and ambitious fiscal promises from new PM Fumio Kishida, the stock market dipped in November. This can be attributed to the increase in long-term interest rates in the US following heightened expectations of an early rate hike and the reappointment of Fed Chairman Jerome Powell. Currency fluctuations have historically impacted Japanese equities. With this rise in rates, the Yen dropped 3.15% over the quarter relative to the US dollar, further impacting many of the domestically focused businesses which comprise this portfolio. However, with a new PM committed to a stimulus package worth $490 billion and encouraging data which suggests that Omicron is milder than previous variants, we feel positive in relation to Japanese equities as 2022 gets under way.

Powered by data from FE, data collected: 01/01/2022

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 joined IQ in 2014 and was appointed Wealth Manager in 2017, providing him with many opportunities to interact with clients. George holds the CFA UK Certificate in Investment Management.

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. Nick holds the CFA UK Certificate in Investment Management.

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.