IQ Balanced Strategy

JANUARY 2024

INVESTMENT QUORUM
UNIQUE, BOUTIQUE WEALTH MANAGEMENT

The aim of this portfolio is to provide a balanced 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.

KEY INFORMATION

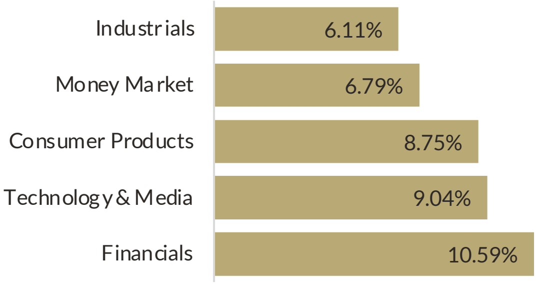
Currency: **GBP**
Historical Yield: **2.30% p.a.**
Total Fund Charges: **0.70% p.a.**

RISK & REWARD PROFILE

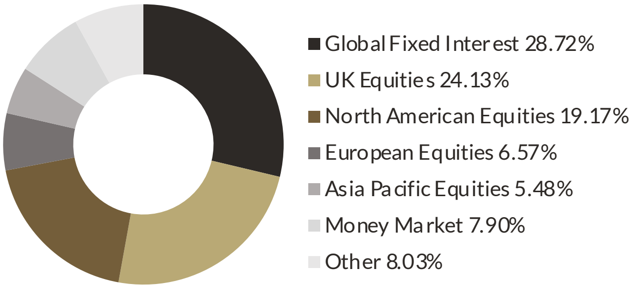
LOWER RISK ← → HIGHER RISK

1 2 3 **4** 5 6 7

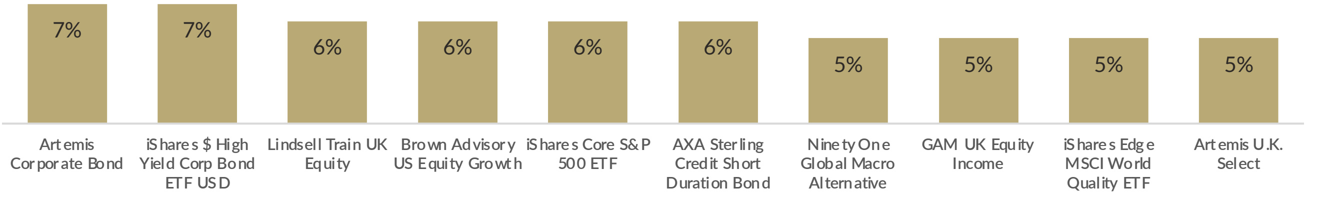
Top Sector Allocation



Asset Allocation



Largest Fund Holdings*



** Key (investor) information documents are available for each fund.*

Discrete Calendar Year Performance

PERIOD	01/01/2018 to 31/12/2018	01/01/2019 to 31/12/2019	01/01/2020 to 31/12/2020	01/01/2021 to 31/12/2021	01/01/2022 to 31/12/2022	01/01/2023 to 31/12/2023	ANNUALISED RETURN *(since Sep-07)*
Balanced Strategy**	-5.81%	16.31%	12.77%	9.36%	-14.04%	3.99%	5.38%
ARC Sterling Balanced PCI (Benchmark)	-5.10%	11.73%	4.31%	7.64%	-9.14%	5.98%	3.69%

Cumulative Performance

PERIODS TO 31/12/2023	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS	CUMULATIVE RETURN *(since Sep-07)*
Balanced Strategy**	5.14%	3.47%	3.99%	-2.32%	28.09%	68.92%	134.67%
ARC Sterling Balanced PCI (Benchmark)	4.89%	4.92%	5.98%	3.65%	20.80%	41.46%	80.32%

*** Performance figures take account of underlying fund charges but not IQ's and platform fees.*

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

IQ Balanced Strategy

INVESTMENT QUORUM
UNIQUE, BOUTIQUE WEALTH MANAGEMENT

Strategy Commentary

Following a tricky October, global equity and fixed-income markets ended the year on a more buoyant note. US treasury yields dropped sharply as the Federal Reserve Bank's tone changed, with Chairman Jerome Powell indicating that rates would probably be cut faster than expected over the course of 2024. Equity markets reacted positively to this news: performances improved across most equity markets and down the market cap spectrum. This improvement was not limited to the Magnificent Seven US technology stocks – stocks which enjoyed a stellar year, particularly over the first three quarters. The top three performing funds through Q4 were **Schroder Global Cities Real Estate (+10.82%), Brown Advisory US Equity Growth (+9.77%)** and **Artemis Corporate Bond (+8.97%).** The real estate sector has been a perennial underperformer over the last three years. It was therefore something of a relief to see the Schroders portfolio perform well over the quarter – now that rates have (apparently) peaked and cuts are in the offing. In fact, November was the fourth strongest month for the sector since the global financial crisis. Real estate has outperformed equities and bonds over each of the last five "peaking cycles" for rates. By investing in some of the best managers in the sector through the Schroders portfolio, we can continue to give our clients access to some of the exciting structural changes – ageing demographics, digitisation, generation rent – which continue to compound despite such macro volatility.

The worst performing fund over the quarter was **iShares $ High Yield Corporate Bond ETF (+2.21%).** Following a prolonged period of outperformance for the high yield bond market versus other areas of fixed income through 2022 and 2023, Q4 saw improved performance for treasuries and investment-grade credit, even though high yield still delivered a positive return for investors. Part of the more muted performance for this ETF compared with other bond funds – such as Artemis Corporate Bond listed above – can be attributed to the dollar's weakness over the quarter. The US Dollar index dropped 4.38% over November and December. Acting as a significant headwind for an ETF investing in dollar assets, the high yield market continued to reward investors, as the US economy remained incredibly resilient throughout 2023. Although we believe defaults will increase as the lagging effect of rate rises takes its toll (companies need to refinance as their debt matures), we believe that the attractive yield on offer still more than compensates investors who are keen to gain exposure to what has been the top performing area of the US bond market over the last three years.

Powered by data from FE, data collected: 01/01/2024

Investment Team

Peter Lowman
Chief Investment Officer

Peter has served as IQ's CIO and Global Market Strategist since 2007. With over 50 years of investing experience, he has delivered impressive returns on IQ clients' investments over the past 15 years. He oversees and manages every aspect of our investment process – from asset allocation to fund selection. His ability to navigate the intricate world of investment markets is underpinned by a blue-sky thinking approach and an ongoing commitment to innovation.

Nick Harrington
Investment Analyst

Nick has been an Investment Analyst at IQ for 4 years. Nick is responsible for analysing North American and Asian markets, evaluating investments to find the best opportunities for our clients. Nick holds the CFA UK Certificate in Investment Management and the CFA Certificate in ESG Investing.

Holly West
Investment Analyst

Holly has been an Investment Analyst at IQ for 3 years. Holly is responsible for analysing UK and European markets, evaluating investment to find the best opportunities for our clients. Holly holds the CFA UK Certificate in Investment Management and a diploma in Financial Planning.

Sophie Ajuda
Investment Team Administrator

Sophie is the Investment Administrator for the team. Her daily responsibilities include dealing, cash management, and meeting our clients' cash needs for income and withdrawals. She is committed to providing the highest level of service to our clients.