# IQ Distribution Strategy

JANUARY 2024

INVESTMENT QUORUM
UNIQUE, BOUTIQUE WEALTH MANAGEMENT

The aim of this portfolio is to generate an income stream (with some capital growth) that can be distributed on a regular basis (stock market conditions prevailing) by investing in collective investment schemes. The portfolio invests principally through global equities, fixed-interest securities, property, alternatives, themes and targeted absolute income strategies. The portfolio can also hold a percentage weighting in cash deposits for both liquidity and tactical reasons.

## KEY INFORMATION

Currency: **GBP**

Historical Yield: **4.38% p.a.**

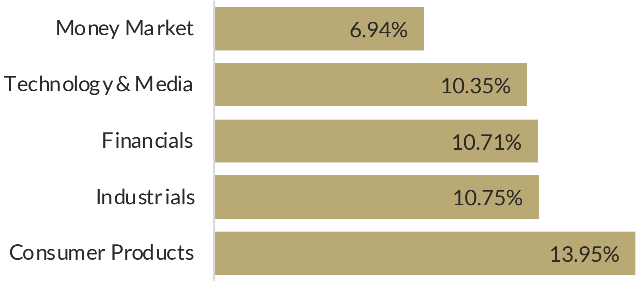
Total Fund Charges: **0.89% p.a.**

## RISK & REWARD PROFILE

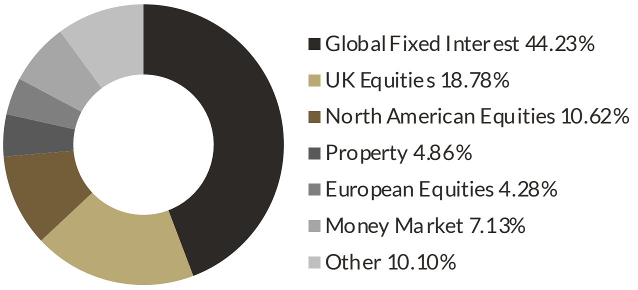
LOWER RISK ← → HIGHER RISK

1 2 3 **4** 5 6 7

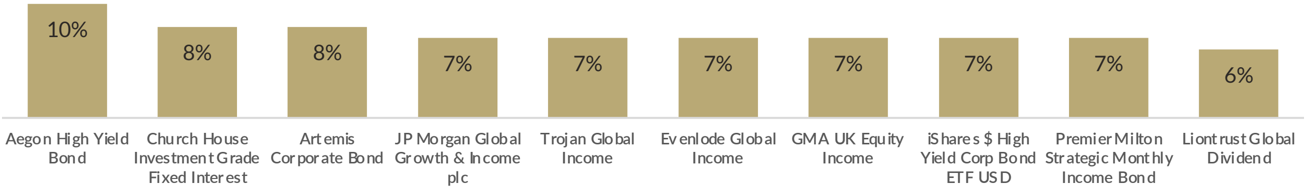
## Top Sector Allocation




## 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 Jun-08) |
|---|---|---|---|---|---|---|---|
| Distribution Strategy** | -5.36% | 15.01% | -1.58% | 10.62% | -10.15% | 5.36% | 5.37% |
| ARC Sterling Balanced PCI (Benchmark) | -5.10% | 11.73% | 4.31% | 7.64% | -9.14% | 5.98% | 3.81% |

## Cumulative Performance

| PERIODS TO 31/12/2023 | 3 MONTHS | 6 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS | CUMULATIVE RETURN (since Jun-08) |
|---|---|---|---|---|---|---|---|
| Distribution Strategy** | 5.95% | 5.84% | 5.36% | 4.71% | 18.44% | 45.08% | 125.30% |
| ARC Sterling Balanced PCI (Benchmark) | 4.89% | 4.92% | 5.98% | 3.65% | 20.80% | 41.46% | 78.73% |

*** 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.**

## 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%), Liontrust Global Dividend (+10.62%)** and **JPMorgan Global Growth & Income plc (+9.08%).** 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 **Trojan Global Income (+1.38%).** This portfolio tends to lag behind the market over shorter time periods when returns are strong, and this partly explains its weaker performance over the quarter. The manager continues to believe that more robust, resilient businesses are better suited for the long run – even if growth tends to be slower than many of the market's other "boom or bust" sectors. Troy tends to have far lower drawdowns than the market, with its funds tailored to limit volatility during periods of stress. So, if we do move into a more difficult period as uncertainties over the inflation trajectory and growth persist, then we would expect this fund to provide clients with better protection than they would get by simply investing in the market. With growth-focused investors enjoying substantially better gains through periods of lower interest rates, we believe now is the time – with rates still over 5% – for investors to reallocate some of those investments to funds such as this one, which has a better balance between growth and income. Should rates indeed fall, then this would be a material tailwind for a strategy like Distribution.

*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.