AJ Bell Adventurous Starter portfolio half-yearly update

As of 30/06/2024

Commentary

Over the first half of 2024, the Adventurous portfolio delivered a positive return of +7.8%. This brings the portfolio's total return, since launch on 12 December 2018, to +45.3%.

Investor sentiment continued to be buoyant through the first half of this year as recessionary fears proved misplaced. Indeed, despite inflation cooling, central banks held off on reducing interest rates, in part because of how resilient economies proved. However, with the European Central Bank cutting rates in June, it may be a case of when, not if, the Bank of England and the U.S. Federal Reserve follow suit.

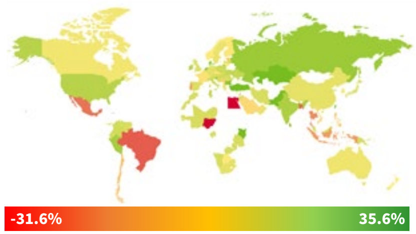
In equities, global companies continued their strong performance, reinforced by solid earnings growth and a relatively benign economic backdrop. A key driver continued to be the perceived winners within artificial intelligence, with Nvidia, Meta and chip producer TSMC all benefitting. Within the portfolio, the position in JPM Global Equity Income contributed the largest amount, adding +2.6% to the portfolio's returns, which, though behind the benchmark, outperformed the peer average.

After a disappointing few years, emerging market companies were able to keep pace with most developed markets over the period, albeit trailing the US. Though China still struggles with structural concerns, its stock market had a better period. India, meanwhile, remained the standout performer in the region, supported by the continued expansion of an aspirational middle class. It was pleasing to see that JPM Emerging Markets Income fund – with a 22% allocation in the portfolio – was a strong performer over the period, outperforming both the index and the peer average and contributing +2.0% to the portfolio's returns.

In the UK, economic growth figures and company earnings held up well, resulting in positive stock market returns. Over the period, the investment team at AJ Bell made one change to the Adventurous portfolio, changing one of the UK holdings from Jupiter UK Special Situations to Man GLG Income. This was in response to the announcement that lead manager Ben Whitmore is due to depart the fund later this year. The replacement fund, Man GLG Income, delivered strong performance after being added in April, outperforming the index and the peer average and contributing +0.6%.

Areas of the fixed income market struggled due to interest rates cut expectations scaling back, but the portfolio's fixed income allocation (Invesco High Yield) benefitted from a strong asset class. The strength of global economies and companies was a positive for credit spreads (the premium that investors receive for lending to companies rather than governments) as well high yield, as there's increased confidence in companies' ability to repay their debts. The fund outperformed the peer group average and benchmark, contributing +0.6% over the period.

H1 Stock market performance



Heat map of global stock market returns by region. Source: Morningstar direct

Returns

January - June 2024	7.75%
1 year	13.74%
Since inception	45.28%

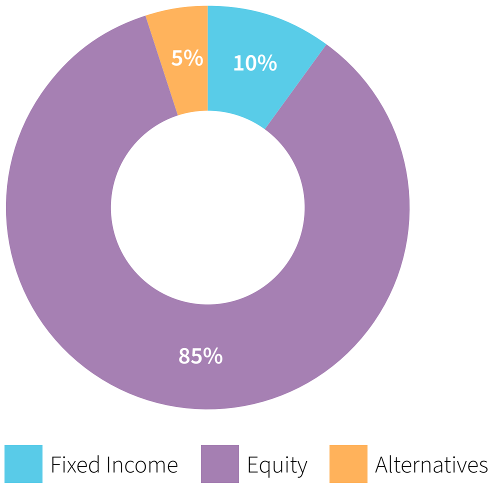
Portfolio snapshot

Estimated 12-month yield	2.95%
Inception date	12/12/2018
Average OCF of portfolio	0.86%

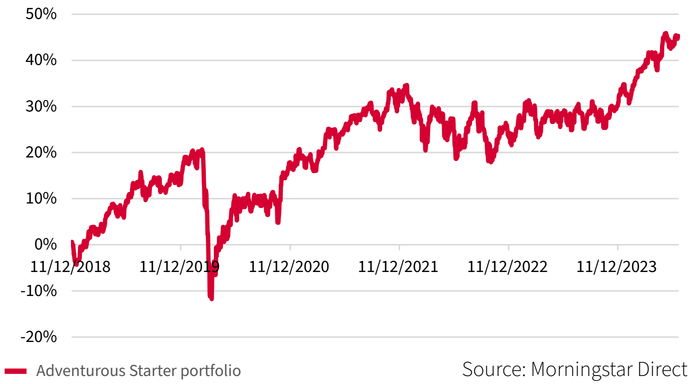
The portfolio yield is calculated on a backward looking basis covering the last 12-month period using the current Starter portfolio weightings.

The portfolio's ongoing charges figure (OCF) is a weighted average of the OCF of each of the underlying funds, using the Starter portfolio weights at the end of the reported period. The Portfolio's OCF does not include AJ Bell's custody charge.

Portfolio asset allocation



Investment growth



Source: Morningstar Direct

Portfolio rating

The risk rating of the portfolio depends on the type of assets it invests in. Bonds are more conservative because they offer a more certain (though typically lower) return. Shares are more aggressive because they offer a less certain (though typically higher) return.

Keep in mind this applies over the longer term: five years or more.

Adventurous Starter portfolio

Funds currently held in portfolio	Asset allocation
JPM Global Equity Income C Net Acc	30%
JPM Emerging Markets Income C Net Acc	22%
Liontrust UK Growth I Inc	13%
Man GLG Income Professional Acc C	11%
Invesco High Yield UK Z Acc	10%
abrdn Global Smaller Companies I Acc	9%
Trojan Fund X Accumulation	5%

Remember, AJ Bell doesn't manage or rebalance your portfolio after you've bought it, so depending on when you invested your portfolio may look different to the current weighting of our Starter portfolios. The value of your investments can go down as well as up and you may get back less than you originally invested. We don't offer advice, so it's important you understand the risks, if you're unsure please consult a suitably qualified financial adviser. Past performance is not a guide to future performance and some investments need to be held for the long term. Yields are not guaranteed and can fluctuate.