

AJ Bell Balanced Starter portfolio half-yearly update

As of 30/06/2024

Commentary

Over the first half of 2024, the Balanced portfolio delivered a positive return of +5.9%. This brings the portfolio's total return, since launch on 12 December 2018, to +32.4%.

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.

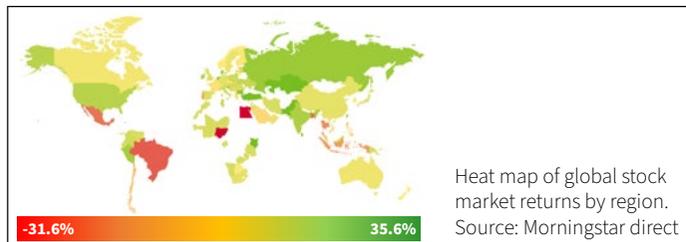
Performance in fixed income markets was mixed as expectations over the number of interest rate cuts has been scaled back through the first half of the year, dampening bond prices. However, while interest rate expectations were a drag to performance, the resilience seen in the economy benefitted credit spreads (the premium that investors receive for lending to companies rather than governments) as investors became more comfortable in the ability of companies to repay their debts. For this reason, the portfolio's allocation to high yield (8%) was able to outperform other areas of fixed income, contributing +0.5% of returns and outperforming its respective benchmark. It was also pleasing to see the Royal London Corporate bond (+2.1%) outperform its benchmark (-0.3%) and the peer average (+0.5%).

Elsewhere, global shares 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 +2.1% to the portfolio's returns, which, though behind the benchmark, outperformed the sector.

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. The JPM Emerging Markets Income fund, though a relatively small holding in this portfolio, was the strongest performer over the period, contributing +1.5%, and outperforming the index and peer average.

In the UK, economic growth figures and company earnings held up well, which resulted in positive stock market returns. Over the period, the investment team at AJ Bell made one change to the Balanced 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 a strong performance after being added in April, outperforming the index and peer average and contributing +0.4%.

H1 Stock market performance



Returns

| | |
|---------------------|--------|
| January - June 2024 | 5.85% |
| 1 year | 12.83% |
| Since inception | 32.39% |

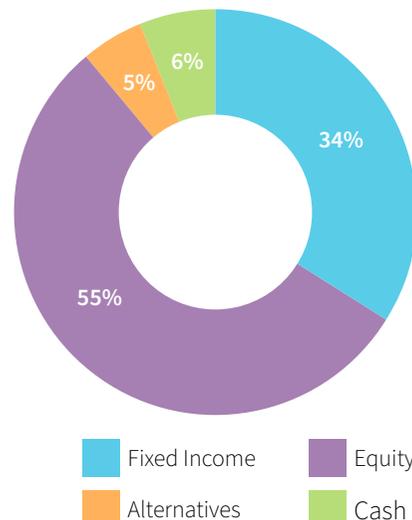
Portfolio snapshot

| | |
|--------------------------|------------|
| Estimated 12-month yield | 3.62% |
| Inception date | 12/12/2018 |
| Average OCF of portfolio | 0.67% |

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.

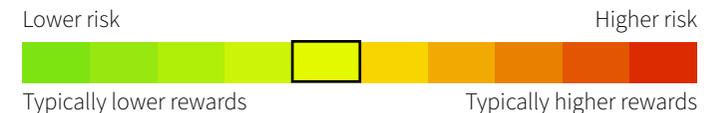
Portfolio asset allocation



Investment growth



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.

Balanced Starter portfolio

| Funds currently held in portfolio | Asset allocation |
|--|------------------|
| Royal London Corporate Bond Z Inc | 26% |
| JPM Global Equity Income C Net Acc | 24% |
| JPM Emerging Markets Income C Net Acc | 16% |
| Invesco High Yield UK Z Acc | 8% |
| Liontrust UK Growth I Inc | 8% |
| Man GLG Income Professional Acc C | 7% |
| BlackRock ICS Sterling Liq Premier Acc | 6% |
| 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.