

# AJ Bell Cautious Starter portfolio half-yearly update

As of 30/06/2024

## Commentary

Over the first half of 2024, the Cautious portfolio delivered a positive return of +3.5%. This brings the portfolio's total return, since launch on 12 December 2018, to +18.8%.

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. As the fixed income bucket is the largest allocation (55%), it's pleasing to see each of the constituent funds outperform their respective indices and peer group average over the year to date.

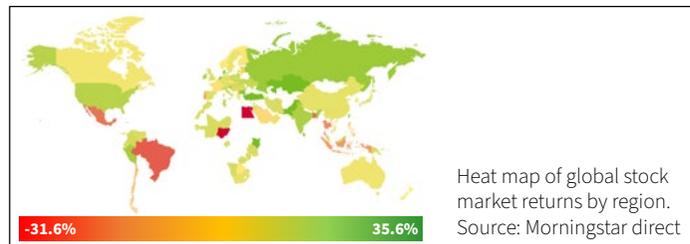
Elsewhere, global shares continued their strong performance, reinforced by solid earnings growth and a relatively benign economic backdrop. A key driver continued to be the perceived winners within artificial intelligence, with Nvidia, Meta and chip producer TSMC all benefitting. Within the portfolio, the position in JPM Global Equity Income contributed the largest amount, adding +1.1% to the portfolio's returns, which, though behind the benchmark, outperformed the sector.

In the UK, economic growth figures and company earnings held up well, resulting in positive stock market returns. The portfolio's UK equity holding, Liontrust UK Growth, lagged the FTSE All Share index over the period (+6.7% vs +7.4%) but was broadly in line with the peer average (+6.9%).

As interest rates have remained elevated, the money market allocation continues to deliver a steady contribution, up +2.6% over the period, ahead of inflation and contributing +0.5% of the portfolio's total performance.

The Investment Team here at AJ Bell haven't made any changes to the Cautious portfolio during H1 2024.

## H1 Stock market performance



## Returns

January - June 2024	3.53%
1 year	10.61%
Since inception	18.80%

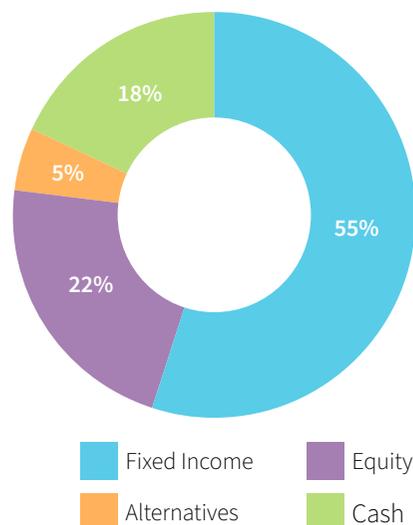
## Portfolio snapshot

Estimated 12-month yield	3.90%
Inception date	12/12/2018
Average OCF of portfolio	0.50%

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.

## Cautious Starter portfolio

Funds currently held in portfolio	Asset allocation
Artemis Strategic Bond I Quarterly Acc	21%
BlackRock ICS Sterling Liq Premier Acc	18%
TwentyFour Corporate Bond I GBP Acc	17%
Royal London Corporate Bond Z Inc	17%
JPM Global Equity Income C Net Acc	13%
Liontrust UK Growth I Inc	5%
Trojan Fund X Accumulation	5%
JPM Emerging Markets Income C Net Acc	4%

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.