AJ Bell Balanced Starter portfolio half-yearly update

AJ Bell Investments

As of 31/12/2025

Commentary

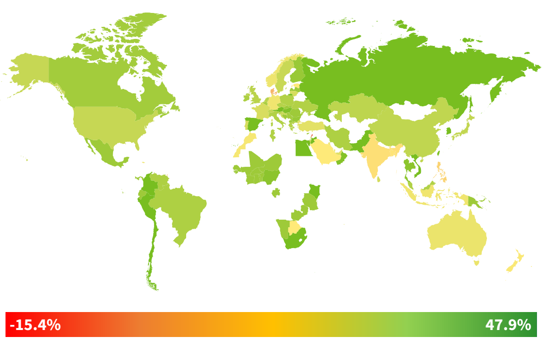
Over the second half of 2025, the Balanced portfolio delivered a positive return of +5.4%. This brings the portfolio's total return since launch on 12 December 2018 to +46.2%.

Following a choppy first half of the year, global equity markets regained momentum in the second half of 2025, as tariff agreements between the US and other major economies provided greater clarity for investors. Performance across developed equity markets was broadly similar, though this was driven by different underlying factors. In the US, gains were led by large-cap technology and AI-related stocks, primarily supported by strong earnings growth for these companies. In the UK and Europe, returns were driven by cyclical sectors such as banks, defence and mining companies – consistent with trends seen earlier in the year, and underpinned by persistent geopolitical concerns and rising commodity prices (particularly gold and silver). Although equity markets cooled toward year-end, most major indices still finished the year at or near all-time highs. Within the portfolio, equities added +4.3%, with the passive HSBC FTSE All World Index fund the best performer of the equity funds in the portfolio. On the negative side, the IFSL Evenlode Global Income fund detracted 0.2% from the portfolio's overall returns. The team's limited exposure to AI-related beneficiaries or more capital-intensive cyclical sectors (banks, defence, mining) proved to be a headwind during the period.

Over the same six months, fixed income markets advanced steadily. Inflation remained stable and some cracks emerged in employment data, giving the Federal Reserve and the Bank of England the confidence to reduce interest rates three times and two times respectively. On both sides of the Atlantic, interest rates finished the year at 3.75%. Corporate bonds performed well, supported by robust company balance sheets and higher starting yields – due to their additional credit risk (the premium that investors receive for lending to companies rather than governments). The Artemis Strategic Bond fund fared strongly over the period, contributing +0.7% to the portfolio's overall returns, thanks in part to the additional credit risk taken on in the fund.

In January 2026, our Investment Team made a change to the Balanced portfolio, replacing the IFSL Evenlode Global Income fund with the Dodge & Cox Worldwide Global Stock fund. We believe this switch improves the overall blend of investment styles within the portfolio, while reducing the portfolio's overall cost by 0.04% per annum. Learn more about the Dodge & Cox fund.

H2 Stock market performance



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

Returns

July - Dec 2025	5.4%
1 year	7.8%
Since inception	46.2%

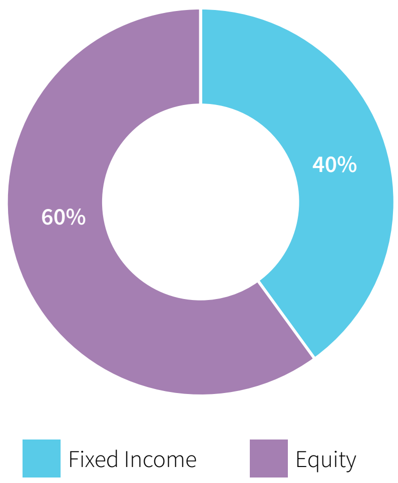
Portfolio snapshot

Estimated 12-month yield	1.79%
Inception date	12/12/2018
Average OCF of portfolio	0.41%

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

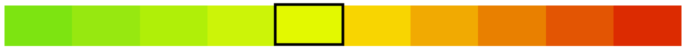


Investment growth

Source: Morningstar Direct

Portfolio rating

Lower risk | Higher risk



Typically lower rewards | Typically higher rewards

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**
Artemis Strategic Bond I Quarterly Acc	20%
HSBC FTSE All-World Index C Acc	20%
Dodge & Cox Worldwide Global Stk GBP Acc	20%
Baillie Gifford Global Alpha Gr B Acc	20%
HSBC Global Aggregate Bond XCHGBP	20%