

AJ Bell Cautious Starter portfolio half-yearly update

Commentary

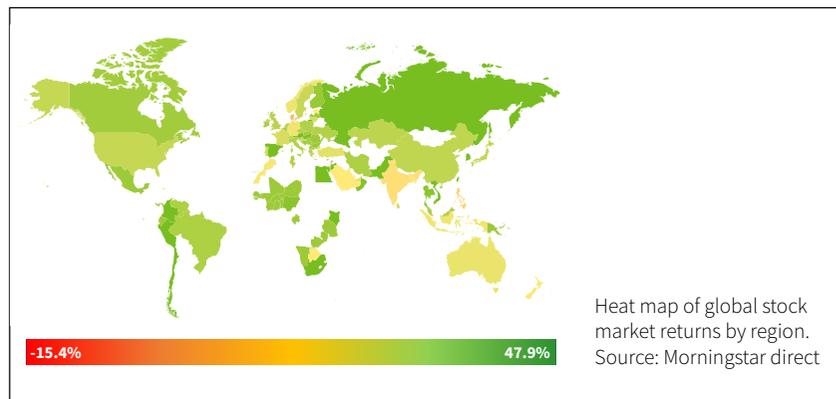
Over the second half of 2025, the Cautious portfolio delivered a positive return of +4.9%, bringing the portfolio's total return since launch on 12 December 2018 to +31.3%.

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. During this period, the HSBC FTSE All World Index fund contributed 2.7% of the portfolio's overall return. 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.

Over the same period, 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 get for lending to companies rather than governments). The Artemis Strategic Bond fund and the TwentyFour Corporate bond fund both performed well over the period, contributing 0.7% each to the portfolio's overall returns, thanks in part to the additional credit risk taken on in these funds.

Our Investment Team have made no changes to the Cautious portfolio since we simplified the asset allocation in September 2024.

H2 Stock market performance



Returns

July - Dec 2025	4.9%
1 year	7.9%
Since inception	31.3%

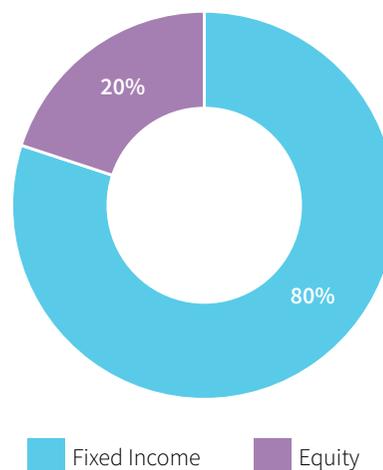
Portfolio snapshot

Estimated 12-month yield	3.12%
Inception date	12/12/2018
Average OCF of portfolio	0.33%

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
HSBC FTSE All-World Index C Acc	20%
TwentyFour Corporate Bond I GBP Acc	20%
Artemis Strategic Bond I Quarterly Acc	20%
Waverton Sterling Bond P GBP	20%
HSBC Global Government Bond ETFXCHGBP	20%