

VT AJ Bell Income Q1 2021 Report

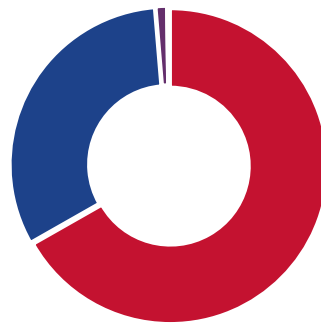
Commentary

It has been an uncertain 12-months for income investors. As companies suspended dividends due to lost earnings, and bond yields were pushed lower, investments once favoured by income-seekers became much less appealing. This trend has reversed in recent months. Inflation fears have caused bond yields to rise, increasing the cost of borrowing but also reducing the price of current bond holdings. This led to the worst-performing quarter for bonds in over 30 years.

On the other hand, companies that suspended dividends in 2020 are now looking more favourable. Economic forecasts suggest a return of revenues once lockdowns are eased – profits they can pass on to shareholders. Companies which are sensitive to changes in the economy (and which suffered during the global lockdown) saw large jumps in their share prices in Q1 as a result.

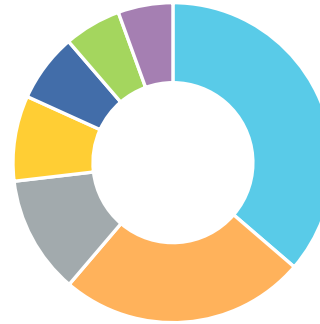
The Income fund contains more shares than bonds, and this quarter we added inflation protection to these holdings. We achieved this by investing in bonds with coupon payments that increase in line with inflation, and by increasing holdings in industries with earnings reflective of changes in consumer prices, such as infrastructure. Overall, the Income fund returned 2.2% across the quarter, making a 12-month return of 15.0%.

Asset Breakdown



Shares	66.8%
Bonds	31.9%
Cash	1.1%
Other	0.2%

Shares Regional Breakdown



North America	36.3%
United Kingdom	24.9%
Europe Developed	11.9%
Japan	8.6%
Asia Developed	6.9%
Asia Emerging	5.8%
Australasia	5.5%

Shares Sector Breakdown



Financial Services	14.1%
Consumer Defensive	12.7%
Utilities	11.5%
Industrials	10.5%
Technology	9.8%
Healthcare	9.2%
Communication Services	8.1%
Other	24.0%

Bond Maturity Breakdown

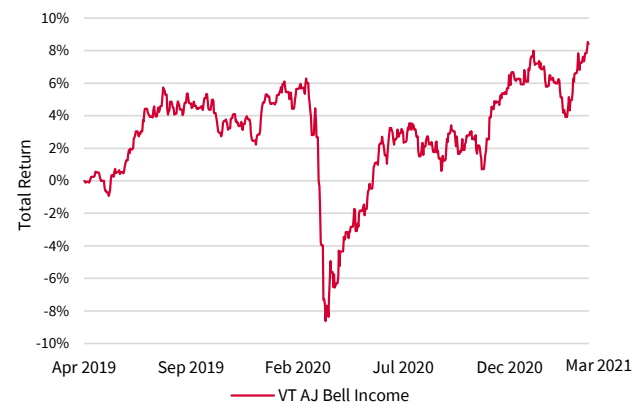


Less than 1 Year	7.6%
1-3 Years	22.4%
3-5 Years	28.3%
5-7 Years	8.6%
7-10 Years	10.9%
10-15 Years	5.4%
15-20 Years	5.4%
20-30 Years	9.3%
30+ Years	2.0%

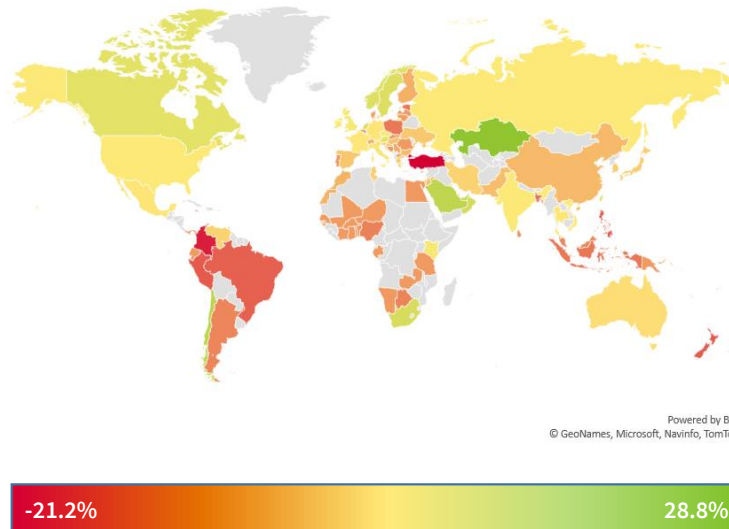
Trailing Returns (%)

Last quarter	2.2
Year to Date	2.2
1 Year	15.0

Historic Performance



Q1 2021 Stock Market Performance (in GBP)



Top 10 Holdings

	Weight (%)
iShares MSCI World Quality Dividend ETF	9.0
iShares Core £ Corporate Bond ETF	9.0
Invesco S&P 500 High Dividend Low Volatility ETF	8.0
Legg Mason IF ClearBridge Global Infrastructure	6.0
Fidelity US Quality Income ETF	6.0
SPDR Bloomberg Barclays 0-5 Year US High Yield Bond ETF	6.0
Temple Bar Investment Trust	5.4
City of London Investment Trust	5.2
iShares MSCI Europe Quality Dividend ETF	5.0
Jupiter Japan Income	5.0

Fund Snapshot

ISIN (Distributing Class)	GB00BH3W7552
ISIN (Accumulating Class)	GB00BH3W7446
Inception Date	08/04/2019
Ongoing Charge	0.81%
Fund Size (£m)	17.93
12 Month Yield (Reinvested)	3-5%

The value of 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 that 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.