

AJ Bell Income Ready-made portfolio half-yearly update

As of 31/12/2020

Commentary

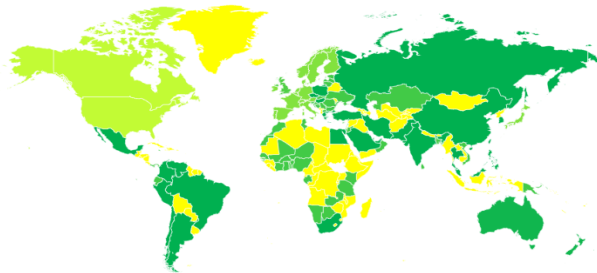
Over the second half of 2020, the Income portfolio delivered a positive return of 4.2%, contributing to an overall return of 12.3% since its inception on 12 December 2018. Across this half-year, all portfolio holdings – bar First Sentier Global Listed Infrastructure – produced positive returns over the period. In a reversal from last quarter, one of the best performers was Man GLG UK Income. Their value approach combined with the exposure to smaller companies, helped boost returns.

Stock and bond markets around the world fell sharply in the first half of 2020, with the pandemic forcing many countries into lockdowns and weighing heavily on the global economy. Most global stock and bond markets recovered to deliver positive returns for 2020 in sterling terms – although the UK equity market is a notable exception.

While the outlook may remain bleak, the markets have largely been looking forward and welcomed the positive news on vaccinations. That said, much volatility has been felt along the way owing to uncertainty about the ongoing pandemic as well as other significant events, including continued Brexit trade talks and the US election. Going forward, the second half of 2021 may see some kind of return to normality as vaccination programmes are implemented. Similarly, a Brexit deal has certainly brought some clarity to the UK, but we would expect markets to remain volatile for the foreseeable future.

We have made no changes to the Income portfolio in the second half of this year.

H2 Stock market performance



0.0% 18.5%

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

Returns

July-December 2020	4.2%
1 year	-2.5%
Since inception	12.3%

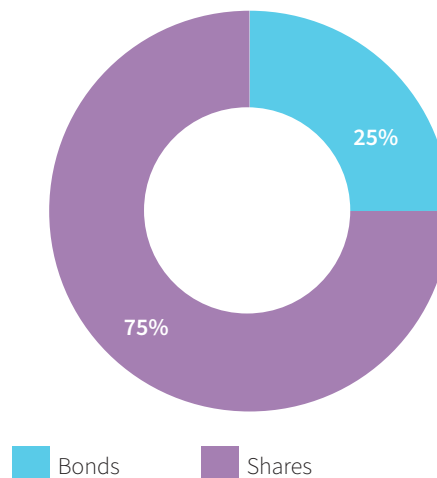
Portfolio snapshot

Estimated 12 month yield	3.0%
Inception date	12/12/2018
Average OCF of portfolio	0.7%

The portfolio yield is calculated on a backward looking basis covering the last 12 month period using the current Ready-made portfolio weightings.

The portfolio's ongoing charges figure (OCF) is a weighted average of the OCF of each of the underlying funds, using the Ready-made portfolio weights at the end of the reported period. The Portfolio's OCF does not include AJ Bell Youinvest's custody charge.

Portfolio asset allocation



Bonds Shares

Investment growth



Income Ready-made portfolio

Source: Morningstar Direct

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.

Income Ready-made portfolio

Funds currently held in portfolio	Asset allocation
Artemis Strategic Bond Inc	10%
First Sentier Global Listed Infrastructure Inc	20%
Man GLG UK Income Professional Inc	15%
TB Evenlode Global Income Inc	20%
Trojan Income Inc	20%
TwentyFour Corporate Bond Inc	15%

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 Ready-made 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.