

AJ Bell Income Ready-made portfolio half-yearly update

As of 30/06/2021

Commentary

Income funds in the portfolio achieved strong returns of over 10%, with Schroder Global Equity Income the top performer with 15.5%.

The half-year saw economic growth and inflation forecasts rise following the vaccine rollout and a large US fiscal stimulus. This triggered a sell-off in bond markets, as investors anticipated interest rates being raised sooner than previously thought. Conversely, stock markets soared higher – with the notable exception of Japan – as positive sentiment around economic reopening increased.

The overall outlook appears brighter than at any time in the past 18 months. Vaccination programmes are nearing completion in many developed nations, and donations of excess vaccine stocks to developing nations are finally picking up pace. As such, the focus for markets has shifted to the strength of the economic rebound, and the corresponding rise in inflation. When central banks will need to raise interest rates to combat this is a key question on many investors' lips.

Following our annual strategic asset allocation review, we made several changes to the Income portfolio in the last half-year. We increased the allocations to the TwentyFour Corporate Bond fund and Artemis Strategic Bond fund from 15% to 20%, and 10% to 13% respectively, and reduced the allocations to the Man GLG UK Income fund and Trojan Income fund from 15% and 20% respectively to 8% each. To complement the Evenlode Global Income fund (18%), we also added two new global equity income funds: the Schroder Global Equity Income fund (14%), and the JPM US Equity Income fund (13%). Finally, we reduced the exposure to the First Sentier Global Listed Infrastructure fund from 20% to 6%.

Please note: these changes will not be made in a Ready-made portfolio that you already hold in your account. Responsibility for managing your portfolio rests with you. This report isn't a personal recommendation to buy or sell these investments.

H1 Stock market performance



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

Returns

January - June 2021	5.83%
1 year	10.36%
Since inception	18.99%

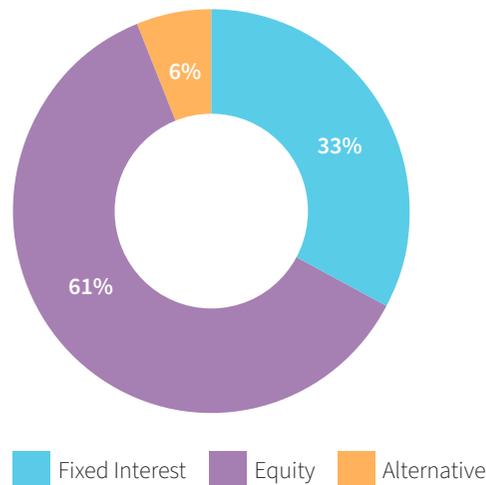
Portfolio snapshot

Estimated 12-month yield	2.39%
Inception date	12/12/2018
Average OCF of portfolio	0.71%

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



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
TwentyFour Corporate Bond I GBP Inc	20%
Artemis Strategic Bond I Quarterly Inc	13%
Man GLG Income Professional Inc D	8%
Trojan Income Fund X Income	8%
Schroder Global Equity Income L GBP Inc	14%
TB Evenlode Global Income B GBP Inc	18%
JPM US Equity Income C Net Inc	13%
First Sentier Glb Lstd Infra B GBP Inc	6%

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.