

# AJ Bell Balanced Ready-made portfolio half-yearly update

As of 30/06/2022

## Commentary

The first half of 2022 was a difficult time for investors. War in Europe, global inflation crises, and economic slowdowns contributed to a negative return in the Balanced portfolio of -9.9%, bringing the cumulative return since its inception on 12 December 2018 to 13.0%. This was driven by both shares and bonds in the portfolio falling in value.

While bonds are typically expected to perform well in bad times, this hasn't been the case in 2022. A combination of high inflation coupled with so-called 'quantitative tightening' (QT) measures by central banks have been a headwind for bonds. The Fidelity Strategic Bond fund and TwentyFour Corporate Bond fund have been the best performers in the portfolio, falling -14.4% and -14.3% respectively.

Share markets have also fallen, with most equity funds in the portfolio falling in line with their comparative indexes. The MSCI ACWI was down -11.1% during the half-year. This was similar to the Fidelity Global Special Situations fund, which returned -12.8%.

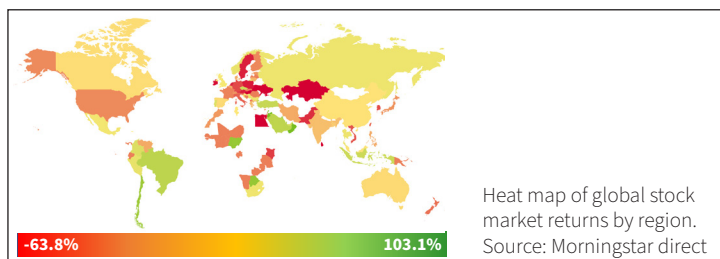
The portfolio also invests in alternative assets, which benefit from being uncorrelated to traditional equity and bond markets. Therefore, the Janus Henderson Absolute Return fund was somewhat protected from large falls elsewhere in the markets and only fell -3.5%.

The global inflation crisis has hit commodities particularly badly – oil prices surged following Russia's invasion of Ukraine. While this is generally bad for businesses, energy companies have enjoyed a rise in their share prices. Due to its high concentration of energy companies, the UK market has been boosted by this and outperformed global markets so far during 2022. The Ninety One UK Alpha fund returned -8.9%.

Another factor in the UK's favour has been the outperformance of so-called 'value' stocks. During a rising interest rate environment, cash delivered back to investors quickly becomes more important. Companies which have high earnings compared to their share prices (low P/E ratios) therefore become more favourable. The Jupiter UK Special Situations fund was the only positive performer in the portfolio, returning 3.2% over the first six months of 2022.

The Investments Team here at AJ Bell haven't made any suggested changes to the Balanced portfolio during Q2. We continue to have conviction in the portfolio's holdings as we move into the second half of 2022.

## H1 Stock market performance



## Returns

January - June 2022	-10%
1 year	-7%
Since inception	13%

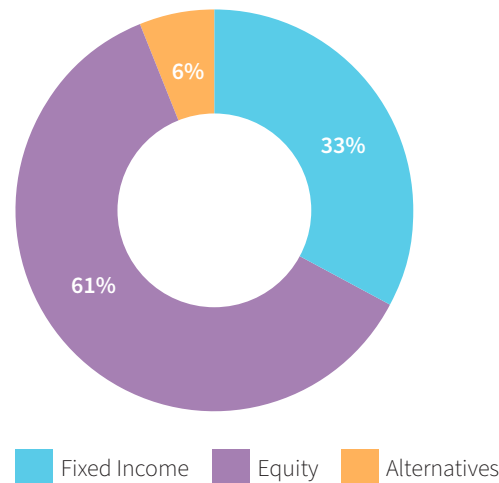
## Portfolio snapshot

Estimated 12-month yield	1.61%
Inception date	12/12/2018
Average OCF of portfolio	0.77%

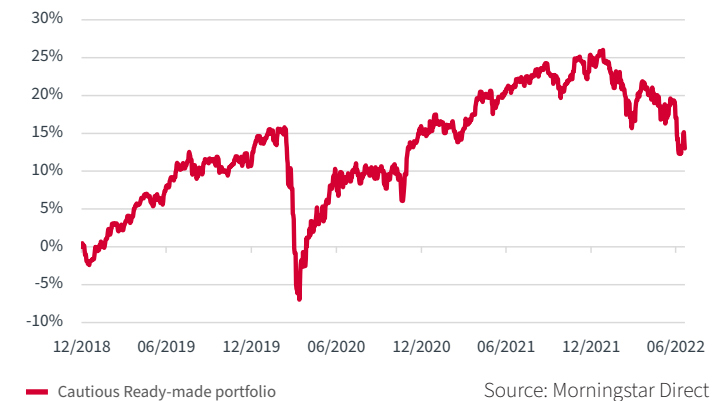
The portfolio yield is calculated on a backward looking basis covering the last 12-month period using the current Ready-made portfolio weightings.

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



## 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.

## Balanced Ready-made portfolio

Funds currently held in portfolio	Asset allocation
Fidelity Global Special Sits W Acc	30%
Fidelity Strategic Bond W Acc	23%
Trojan Global Income O Acc	15%
Ninety One UK Alpha J £ Acc	10%
TwentyFour Corporate Bond I GBP Acc	10%
Janus Henderson Absolute Return I Acc	6%
Jupiter UK Special Situations I Acc	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.