

# AJ Bell Income 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 Income portfolio of -6.9%, bringing the cumulative return since its inception on 12 December 2018 to 16.4%. 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 TwentyFour Corporate Bond fund and Artemis Strategic Bond fund were among the worst performers in the portfolio, falling -15.1% and -10.4% respectively.

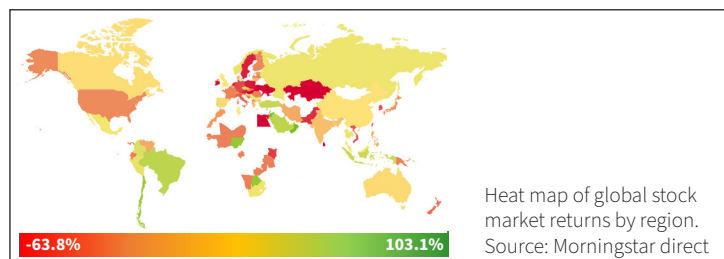
Share markets have also fallen, with most equity funds in the portfolio falling in line with their comparative indexes. The MSCI ACWI was down -11.1% during the half-year. This was similar to the Fidelity Global Special Situations fund, which returned -12.8%.

The portfolio also invests in alternative assets, which benefit from being uncorrelated to traditional equity and bond markets. The First Sentier Global Listed Infrastructure fund benefitted from this, as well as its inflation-protection properties. This saw it delivering the best performance in the portfolio over the last six months, with a total return of 6.3%.

While most shares have been badly hit in the first half of 2022, so-called 'value' stocks have outperformed the rest of the market. 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. This is evident in the performance of the Schroder Global Equity Income fund, JPM US Equity Income fund and Man GLG Income fund, which all have value tilts.

The Investments Team here at AJ Bell haven't made any suggested changes to the Income 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	-7%
1 year	-3%
Since inception	16%

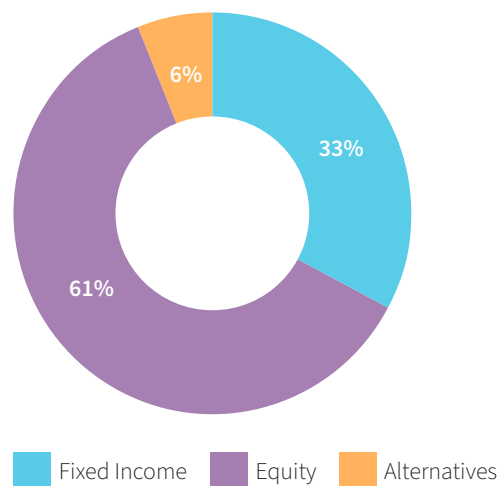
## Portfolio snapshot

Estimated 12-month yield	2.52%
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



## 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%
TB Evenlode Global Income B GBP Inc	18%
Schroder Global Equity Income L GBP Inc	14%
Artemis Strategic Bond I Quarterly Inc	13%
JPM US Equity Income C Net Inc	13%
Trojan Income Fund X Income	8%
Man GLG Income Professional Inc D	8%
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.