

AJ Bell Income Starter portfolio half-yearly update

As of 31/12/2024

Commentary

Over the second half of 2024, the Income portfolio delivered a positive return of +3.6%. This brings the portfolio's total return since launch on 12 December 2018, to +41.4%.

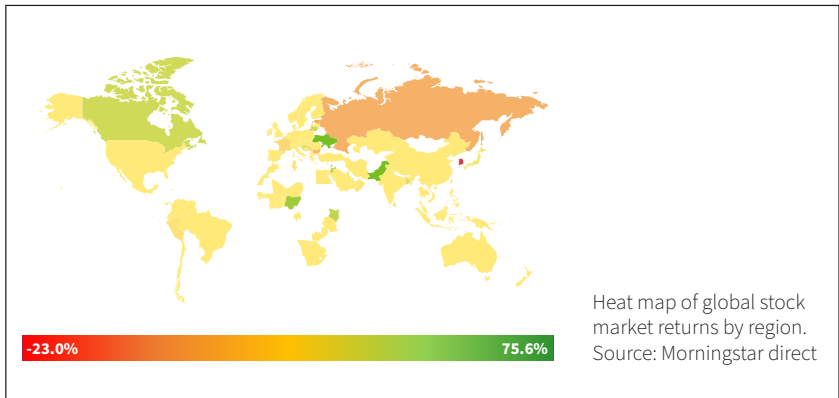
Throughout most of the period, investor sentiment was relatively benign as global inflation fell in line with market expectations and economies remained resilient despite high interest rates. This led the Bank of England to cut rates in August, the first time in four years, with the U.S. Federal Reserve following suit with an even larger cut in September. However, with inflation rising again and proposed fiscal policies potentially increasing inflation on both sides of the Atlantic, expectations over further interest rate cuts have decreased.

Global equities rose over the period, notably benefitting from a 'Trump rally' after his victory in the U.S. Presidential election at the start of November. The best performers in global equity markets remained the 'Magnificent 7', a cohort of the world's largest companies, as Trump's policies and rhetoric suggest his presidency will be more pro-business than that of his predecessor. Performance in other regions was mixed with GDP growth underwhelming in both the UK and Europe, causing many to question the ability for companies in these regions to grow. Within the portfolio, equities added 2.3%, with new holding, HSBC All World index, contributing the largest amount to the portfolio's returns, adding +1.2%, having been added halfway through the period.

Performance in fixed income markets was mixed. The reduced expectation of further rate cuts was bad for government bonds, while the resilience seen in the economy benefitted credit spreads (the premium that investors receive for lending to companies rather than governments), as investors remained confident in the ability of companies to repay their debts. Against this backdrop, it was pleasing to see the portfolio's fixed income allocation (40%), contributing +1.2% to returns over the period.

On September 30 2024, our Investment Team made changes to the Income portfolio, simplifying the asset allocation by splitting the portfolio into two buckets; 60% global equities and 40% fixed income. This also led to changes in the funds included in the portfolio. Full details of these changes can be found [here](#).

H2 Stock market performance



Returns

July - Dec 2024	3.63%
1 year	8.91%
Since inception	41.43%

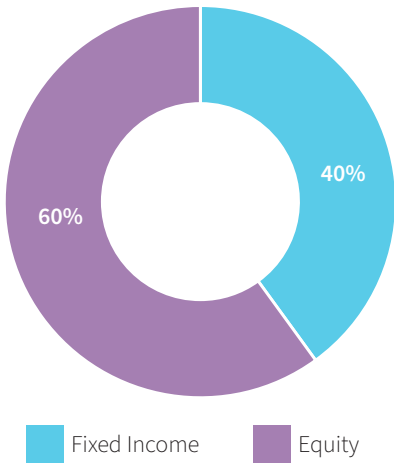
Portfolio snapshot

Estimated 12-month yield	3.80%
Inception date	12/12/2018
Average OCF of portfolio	0.53%

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

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

Funds currently held in portfolio	Asset allocation
JPM Global Equity Income C Net Inc	20%
Invesco High Yield UK Z Inc	20%
Schroder Global Equity Income L GBP Inc	20%
HSBC FTSE All-World Index C Inc	20%
Vanguard Global Corp Bd Idx GBP H Dist	20%

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 Starter 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.