

CG AJ Bell Income

As at 31 March 2026

Market commentary:

March was dominated by the outbreak of conflict in Iran, which caused significant market upheaval and brought an abrupt end to what had been a broadly positive start to the year. Rising geopolitical risk had already been a defining feature of the early months of 2026 – first with the US intervention in Venezuela, and then with President Trump’s posturing towards Greenland – but the escalation in Iran swiftly eclipsed both to command global attention.

The principal channel through which the conflict has affected markets and the wider global economy is oil prices. Initial market reaction centred on the implications for inflation; however, as the conflict has dragged on, the consequences for economic growth have increasingly been reflected in forecasts.

Bond markets have faced a challenging reversal in 2026. Expectations of inflation returning to 2% targets have required meaningful upward revision in light of sharply rising oil prices, and central banks have responded with a notably hawkish tone – moving swiftly to convince markets of their willingness to raise interest rates decisively. This has prompted a broad repricing across fixed income. Whilst the most pronounced volatility and yield rises have been concentrated at the shorter end of the yield curve, it is longer-dated bonds that have delivered the weakest total returns.

Equity markets have been volatile throughout the quarter, responding to an unpredictable flow of news regarding the trajectory and potential escalation of the conflict. Whilst most markets have felt its effects, first-quarter returns have also been shaped by how individual markets were positioned heading into the crisis.

In the US, a softer start to the year somewhat obscures what has been a degree of relative resilience since the conflict began. Japanese equities delivered strong gains after a decisive election result provided a clear mandate for the continuation of economic reform. Within emerging markets,

South Korea has been a standout performer, benefiting from growing appreciation of its role within the AI supply chain. Closer to home, UK equities have outperformed, supported by the market’s heavyweight exposure to the energy sector, with the major oil companies buoyed by rising crude prices.

As with any event that dominates market attention, the range of potential outcomes is wide and largely contingent on political decisions that are, by their nature, difficult to forecast. Scenarios span from a relatively swift de-escalation – which would provide immediate relief to risk assets and take pressure off energy prices – through to a prolonged conflict that continues to weigh on growth expectations and keeps central banks in a difficult position. The latter would present the more challenging environment to navigate: one in which policymakers face the unenviable task of responding to inflation driven by factors largely outside their influence, whilst simultaneously managing the risk of tipping economies into recession.

In the near term, oil prices are likely to remain the key variable for both inflation dynamics and market sentiment. Beyond energy, however, the conflict has reinforced a broader reassessment of supply chain vulnerabilities, defence spending trajectories, and energy security – themes that are likely to shape investment narratives well beyond the immediate volatility.

Ultimately, against a backdrop of elevated geopolitical and event risk, ensuring that portfolios are resilient across a range of scenarios – and positioned to deliver an appropriate journey for clients – feels more important than ever.

Equity performance - last quarter



Fixed income performance - last quarter



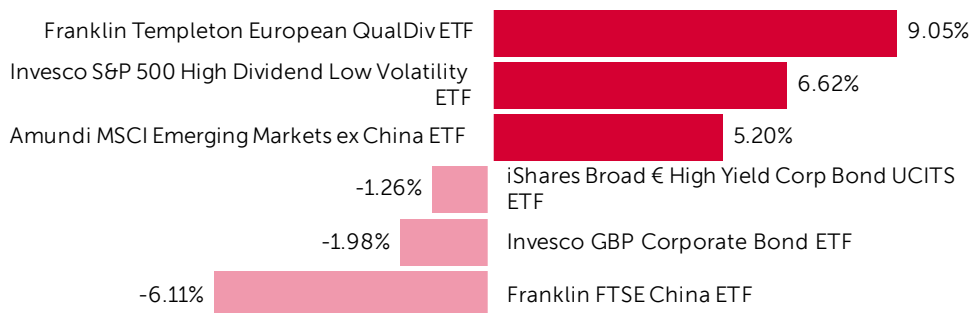
Portfolio commentary

The AJ Bell Income fund's blend of dividend-paying stocks and income-generating bonds made for a mixed but ultimately positive quarter, with a 0.97% return.

Over one quarter of the fund is invested in bonds, which meant the shift from anticipated interest rate cuts to potential hikes made a significant impact. Bond prices generally fell in response to higher inflation expectations driven by the US-Iran war; however, our holdings are mostly in shorter-term bonds, which are less sensitive to rate moves. Cash also contributed to the return. In the meantime, we invested more in short-dated bonds as yields have become more attractive of late.

On the stocks and shares side, while the US struggled, the UK was a strong contributor. BP and Shell benefited from the energy squeeze, and the UK market's inclination to dividend-paying companies helped the fund. The fund has been able to continue its monthly income distribution, and our focus on quality income-generating assets across the portfolio keeps us well-positioned.

Q1 2026 best/worst performers



Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
CG AJ Bell Income	0.97	3.94	12.01	25.14	31.64	42.72

The above table displays the total return of the fund on a cumulative basis. This is taken from the most recent month end.



Past performance is not indicative of future performance. The value of investments may go down as well as up and the income generated by investments is not guaranteed and may fluctuate. You may receive back less than the amount that you invested.

Portfolio snapshot

Number of holdings	25
Inception date	08 Apr 2019
Fund size	£66.84m
ISIN	(I Acc) GB00BH3W7446

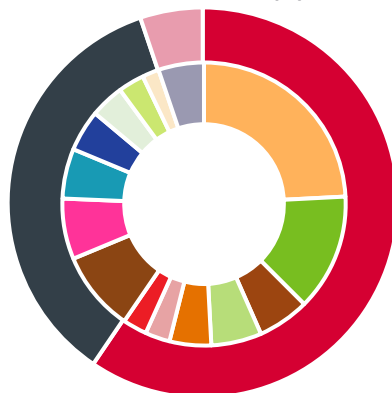
Top 10 holdings

Holding	Weight (%)
iShares Core FTSE 100 ETF	13.34
Invesco S&P 500 High Dividend Low Volatility ETF	12.31
Fidelity US Quality Income ETF	11.85
US inflation-linked treasuries (GBP hedged)	6.66
Invesco GBP Corporate Bond ETF	5.72
Fidelity Emerging Markets Quality Income ETF	4.76
Vanguard FTSE Japan ETF	4.09
iShares £ Ultrashort Bond ETF	3.91
iShares ESG Overseas Corporat Bond Index	3.87
State Street Emerging Markets Hard Currency Government Bond Index	3.24

Risk profile

For investors who can tolerate short-term dips in portfolio value and understand the importance of investing for the long term to help in achieving higher overall returns. The portfolio invests in funds and exchange traded funds (ETFs), using a defined strategic asset allocation process to deliver returns while meeting the targeted level of risk.

Asset allocation (%)



Equity	59.49
North America equity	24.16
UK equity	13.34
Europe ex-UK equity	5.93
Japan equity	5.74
Emerging markets equity	4.76
China equity	2.82
Emerging markets ex-China equity	2.73
Fixed Income	35.31
Global government bonds (GBP hedged)	9.19
Global high yield bonds (GBP hedged)	6.92
UK corporate bonds	5.72
Emerging market debt	4.71
Global corporate bonds (GBP hedged)	3.87
UK index-linked gilts	2.96
UK government bonds	1.93
Cash	5.20

Fixed income breakdown (%)



GBP Bonds	85.01
Global government bonds (GBP hedged)	29.24
Global high yield bonds (GBP hedged)	22.02
UK corporate bonds	18.20
UK index-linked gilts	9.40
UK government bonds	6.14
International Bonds	14.99
Emerging market debt	14.99

Equity breakdown (%)



Sector	
Financial Services	18.94
Technology	13.92
Industrials	9.88
Consumer Defensive	9.42
Healthcare	8.62
Energy	8.27
Consumer Cyclical	7.87
Communication Services	7.40
Utilities	5.77
Real Estate	5.58
Basic Materials	4.33

The Ongoing charges figure (OCF) includes the underlying OCF, the annual management fee, and the costs for running and administering the fund structure. The annual management fee is variable, as it consists of the fixed OCF, minus all other costs.

Transaction costs represent the net costs incurred by the fund in buying and selling underlying investments. These are the gross costs offset with any pricing mechanisms used by the fund to protect investors from the cost of transactions (such as swing pricing). In some instances this may result in a negative number.

Performance is calculated on a net of fees basis. This fund launched on 8 April 2019.

Totals may not sum to 100% due to rounding.

Currency Risk: The Fund invests in overseas markets and the value of its investments and may rise or fall as a result of changes in exchange rates.

Emerging Markets Risk: The Fund invests in less economically developed markets (i.e. emerging markets) which can involve greater risks and fluctuations in valuations compared to developed market places.

Index Trading Risk: The performance of any passively managed funds may not exactly track that of their indices. This is referred to as 'Tracking error'.

Interest Rate Risk: Fluctuations in interest rates may affect the value of the Fund and your investment.

Liquidity Risk: The Fund invests within underlying funds and there is a risk that these suspend or defer the payment of redemption proceeds, which may impact the Fund's ability to meet redemption requests.



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