

Managed Portfolio Service

Passive Income MPS 1

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.

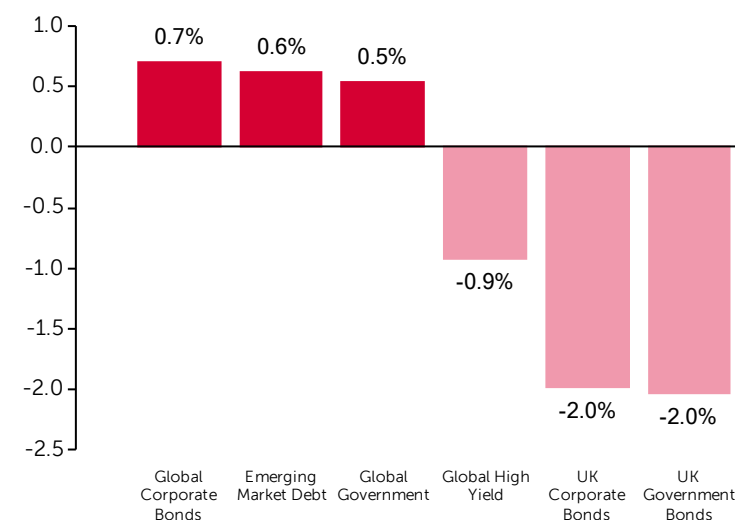
In the near term, oil prices are likely to remain the key variable for both inflation dynamics and market sentiment. Beyond energy, however, the conflict has reinforced a broader reassessment of supply chain vulnerabilities, defence spending trajectories, and energy security – themes that are likely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



Passive Income MPS 1

As at 31 March 2026



Portfolio commentary

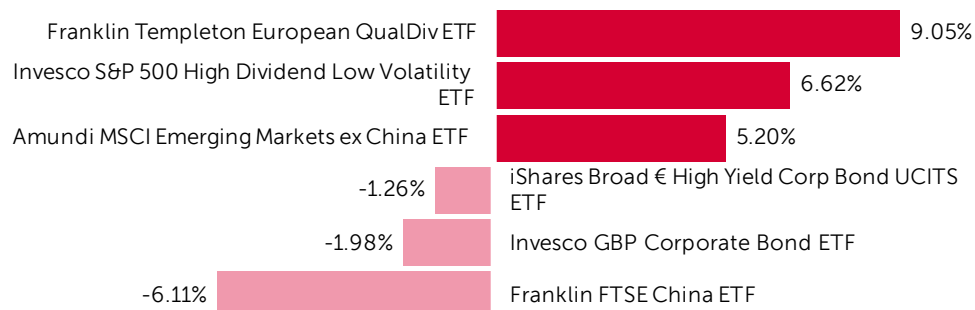
The first quarter of 2026 proved eventful for investors, with the outbreak of conflict in Iran the dominant driver of market conditions. Rising oil prices reignited inflationary fears, pressuring fixed income as yields moved higher, while equities endured considerable volatility. Despite the difficult backdrop, the portfolio held up relatively well, supported by its income-focused positioning and diversification across asset classes and regions.

Within fixed income, inflation-linked bonds across both UK and US allocations proved their worth, finishing the quarter strongly and offering meaningful relief from the weakness in nominal bonds. Corporate bonds were unable to escape the broader risk-off sentiment, however, with credit spreads widening from historically tight levels and leaving the asset class in negative territory by quarter end.

Within equities, the portfolio's income-oriented positioning was a key differentiator. The Franklin European Quality Dividend fund was the top performer, its overweight to energy and utilities companies including Equinor and Yara well suited to an environment of rising oil prices and defensive rotation. Similarly, the High Dividend Low Volatility US equity allocation delivered a stellar quarter: its structural bias towards energy and utilities providing a meaningful buffer against the sharp declines experienced by the broader US market cap index.

Overall, AJ Bell Passive Income MPS 1 returned 1.67% over the quarter.

Q1 2026 best/worst performers



Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
Passive Income MPS 1	1.67	4.72	12.83	26.94	36.50	60.86

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.

Passive Income MPS 1

As at 31 March 2026

Portfolio snapshot

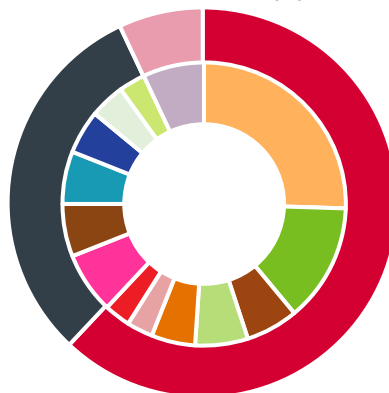
Number of holdings	17
Inception date	19 Feb 2018
Underlying OCF	0.19%
Annual Investment Management Charge	0.15%
Indicative Total OCF	0.34%

Top 10 holdings

Holding	Weight (%)
Invesco S&P 500 High Dividend Low Volatility ETF	15.00
iShares Core FTSE 100 ETF	13.50
Fidelity US Quality Income ETF	10.50
Amundi Prime Japan ETF	6.00
Invesco GBP Corporate Bond ETF	6.00
iShares £ Ultrashort Bond ETF	6.00
iShares US TIPS 0-5yr	6.00
Fidelity Emerging Markets Quality Income ETF	5.00
Invesco Global High Yield Corporate Bond ESG	5.00
Climate Transition UCITS ETF	5.00
Vanguard USD Emerging Markets Government Bond ETF	5.00



Asset allocation (%)



Equity	62.00
North America equity	25.50
UK equity	13.50
Europe ex-UK equity	6.00
Japan equity	6.00
Emerging markets equity	5.00
China equity	3.00
Emerging markets ex-China equity	3.00
Fixed Income	31.00
Global high yield bonds (GBP hedged)	7.00
Global government bonds (GBP hedged)	6.00
UK corporate bonds	6.00
Emerging market debt	5.00
Global corporate bonds (GBP hedged)	4.00
UK index-linked gilts	3.00
Cash	7.00

Fixed income breakdown (%)



GBP Bonds	81.48
Global high yield bonds (GBP hedged)	25.93
Global government bonds (GBP hedged)	22.22
UK corporate bonds	22.22
UK index-linked gilts	11.11
International Bonds	18.52
Emerging market debt	18.52

Equity breakdown (%)



Sector	
Financial Services	18.95
Technology	13.09
Consumer Defensive	9.85
Industrials	9.57
Energy	8.55
Healthcare	8.44
Consumer Cyclical	7.62
Communication Services	7.43
Utilities	6.17
Real Estate	6.16
Basic Materials	4.16

Passive Income MPS 1

As at 31 March 2026



Indicative Total Ongoing Charges Figure (OCF) is inclusive of the AJ Bell Investments Annual Management Charge (fee of 0.15%) and the ongoing charges of underlying investments. MPS transaction costs reflect the aggregated transaction costs reported by underlying products. In some instances products may deploy pricing mechanisms which can result in negative costs. Additional costs will be incurred while using the MPS. These include (where applicable) platform costs and dealing costs. Any charges payable to your financial adviser will apply in addition. Therefore, the actual performance of your portfolio might differ from the stated past performance. There is no set minimum investment into the MPS, however, the structure of the underlying investments means that the portfolios work more efficiently for investments above a certain size. For this MPS, this is around £25,000.

Performance reflects the headline model, 0.15% annual investment management charge and the underlying costs of the holdings. It does not include any transaction costs that would have been incurred through rebalancing or changing any underlying holdings. This model was launched on 19 February 2018. Cash performance is measured using the AJ Bell Investcentre platform interest rates.

Allocation and performance information contained in this document is representative of the standard Passive Income MPS 1 model held on AJ Bell Investcentre. The implementation of this model may vary when held via other platforms, for example, where access to certain share classes is restricted. This may lead to differences in allocation, performance and cost.

Based on target weights at portfolio rebalance. Totals may not sum to 100% due to rounding.



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.

This information is for indicative purposes only and is not intended, and should not be construed, as investment advice. The information contained in this document has been taken from the sources stated and is believed to be reliable and accurate, but without further investigation cannot be warranted or guaranteed to be wholly correct. The views and opinions expressed in this document are not forecasts or recommendations in relation to investment decisions. The information and data presented in this document were believed to be correct at the time of writing and we are not liable for any subsequent changes.

©2026 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/ or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.