Managed Portfolio Service

Active Income MPS 2

As at 30 June 2025

Market commentary:

The noise in markets reached a crescendo at the start of the second quarter as President Trump's 'Liberation day' revealed tariffs that shocked investors. Further scrutiny was poured on the US economy and the US dollar, as many began to reconsider their holdings of US assets. Geopolitical uncertainty in the Middle East had a surprisingly limited impact on markets, even as tensions between Israel and Iran flared into outright conflict before coming to a US-imposed ceasefire.

Fixed income

Tentative signs of inflation stability brought anticipation that the Federal Reserve could respond to any future economic weakness. Although Chair Powell has been resolute in the need to respond slowly, speculation about his successor and Trump's hand in that selection started to influence market thinking, as did uncertainty over how the tariff situation would impact prices.

In the UK, the mechanical uplift to utility and water bills in April sent inflation back above 3%, a level it is expected to reside at for the rest of the year. As in the US, the Bank of England has been cautious while inflation remains above target. Shorter dated gilt yields rallied, steepening the yield curve, whilst longer dated yields remained volatile.

After a wobble during the equity market downturn in April, credit spreads narrowed again to leave corporate bonds with solid returns over the quarter.

Equities

Performance within equity markets continued to buck the trend of the last couple of years, with the US no longer the standout performer: other markets have taken the lead. Emerging markets such as Korea and Taiwan have been performing strongly, driven by major constituents Samsung and TSMC. Within developed Asia Pacific, Australia and Hong Kong performed well, the former driven by the financial sector.

Europe and the UK appeared to benefit from investors looking outside America for returns. The fiscal spending on defence and infrastructure prompted investors to look more closely at domestically focused segments of the markets. In the UK, a sustained rally in financials and defence stocks aided gains, whilst mid- and small caps performed well amidst takeover interest.

Chinese equities gave back some of the bumper gains seen in the first quarter, in keeping with their volatile nature and trade tensions with the US. Japanese equities continue to grapple with the implications of higher inflation, rising interest rates and what that means for the currency.

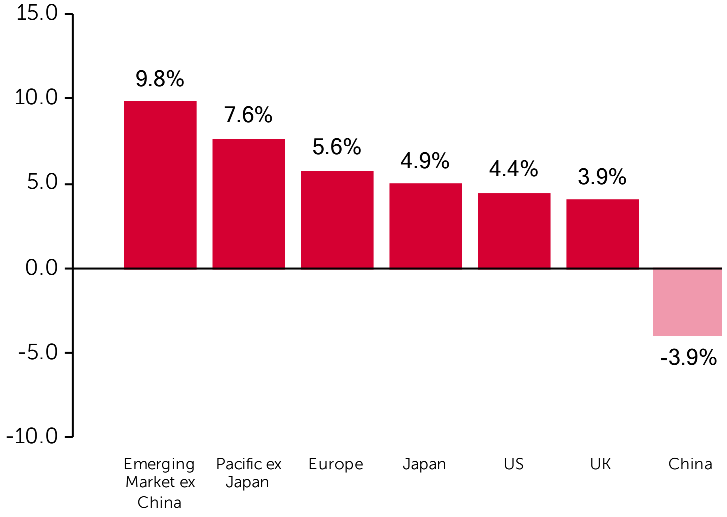
Outlook

Having seen one metaphorical and one physical ceasefire during the quarter, markets are entering summer in better spirits. Plenty of issues remain outstanding from the first half of 2025, not least that the tariff pause is due to expire in August. Having walked back from the brink once, there is a perception that Trump will be unwilling to test investor patience again, especially given the US dollar has remained on its weaker footing, supporting those claiming a strong dollar has been hindering US manufacturing.

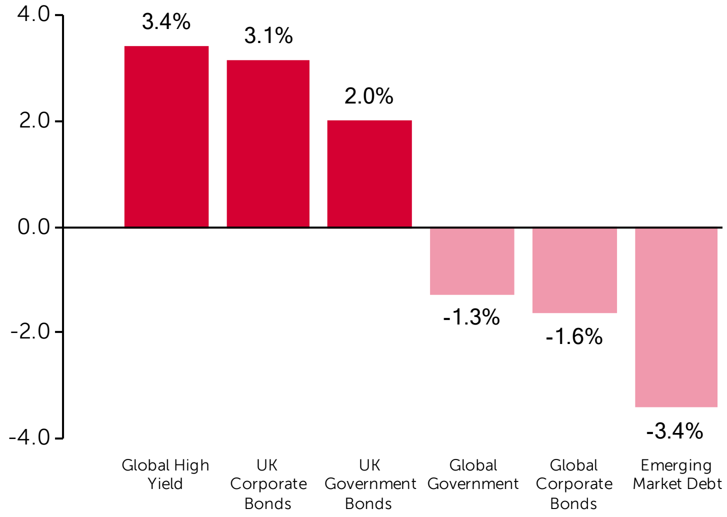
Nonetheless, it is difficult to see the relationship between Trump and the markets being plain sailing for the next four years. However, investors should pause to reflect if there has ever been a time when the outlook suggested calm waters.

The assessment of short-term events is interpreted by markets, at its most basic level, by what it means for growth and inflation. Sitting here today, the consensus appears to be that both will be acceptable, and markets will find a way to muddle through, as they often do.

Equity performance - last quarter



Fixed income performance - last quarter



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Portfolio commentary

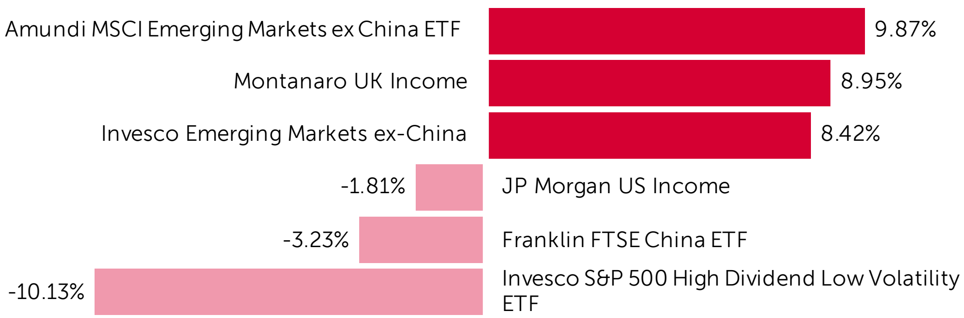
AJ Bell Active Income MPS 2 benefited from a strong quarter, supported by its well-diversified equity allocations.

UK equities delivered solid performance over the period whilst European equities also made a positive contribution, buoyed by what many have termed a 'wake-up call' in response to rising geopolitical tensions. Announcements of increased defence spending were well received by investors across the continent.

US equity income strategies came under pressure due to uncertainty surrounding potential US tariffs. This was further exacerbated by a weakening US dollar, which amplified currency translation losses for UK-based investors. The Invesco S&P 500 High Dividend Low Volatility ETF struggled to recoup the losses after the tariff announcements, as chemicals companies such as Dow and LyondellBasell Industries were particularly badly affected.

Overall, AJ Bell Active Income MPS 2 returned 3.22% over the quarter.

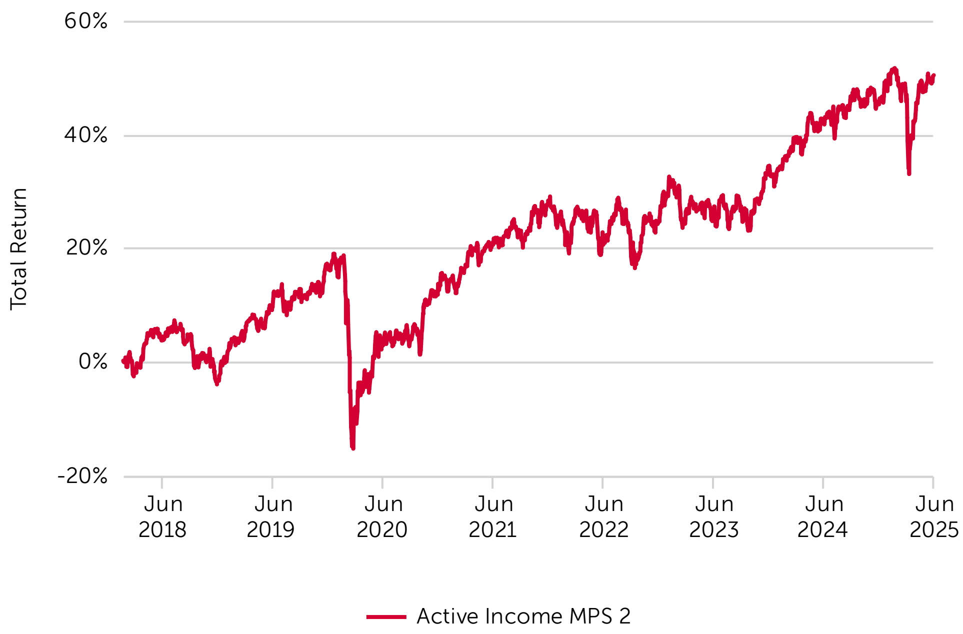
Q2 2025 best/worst performers



Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
Active Income MPS 2	3.22	3.27	5.55	24.77	45.50	50.61

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.

Active Income MPS 2

As at 30 June 2025

AJBell Investcentre

Portfolio snapshot

Number of holdings	19
Inception date	19 Feb 2018
Underlying OCF	0.63%
Annual Investment Management Charge	0.15%
Indicative Total OCF	0.78%

Top 10 holdings

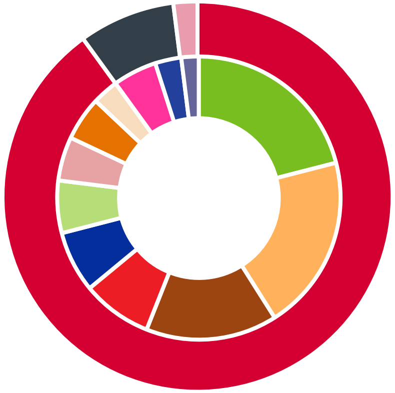
Holding	Weight (%)
BlackRock Continental European Income	10.00
Fidelity US Quality Income ETF	7.00
JP Morgan US Income	7.00
Jupiter Asian Income	7.00
BlackRock UK Income	6.00
Invesco S&P 500 High Dividend Low Volatility ETF	6.00
Jupiter Japan Income	6.00
Man Income	6.00
Franklin FTSE China ETF	5.00
IFSL Evenlode Income	5.00

Lower risk **Higher risk**

1	2	3	4	**5**	6

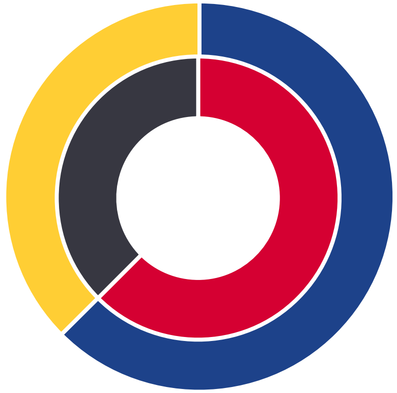
Typically lower rewards **Typically higher rewards**

Asset allocation (%)



Equity	**90.00**
UK equity	21.00
North America equity	20.00
Europe ex-UK equity	15.00
Emerging markets ex-China equity	8.00
Asia Pacific ex-Japan equity	7.00
Japan equity	6.00
China equity	5.00
Emerging markets equity	5.00
Global equity	3.00
Fixed Income	**8.00**
Global high yield bonds (GBP hedged)	5.00
Emerging market debt	3.00
Cash	**2.00**
Cash	2.00

Fixed income breakdown (%)



GBP Bonds	**62.50**
Global high yield bonds (GBP hedged)	62.50
International Bonds	**37.50**
Emerging market debt	37.50

Equity breakdown (%)

Sector	
Financial Services	20.83
Technology	14.27
Industrials	13.01
Consumer Cyclical	11.41
Consumer Defensive	8.16
Communication Services	7.10
Healthcare	7.02
Basic Materials	5.26
Real Estate	4.35
Energy	4.32
Utilities	4.27

Performance reflects the headline model and includes the underlying costs of the holdings and the annual investment management charge. 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 Feb 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 Active Income MPS 2 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.

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