

AJ Bell Funds

Income Funds quartely report Q4 2023

As at 31 December 2023

Contents

VT AJ Bell Income Fund

VT AJ Bell Income & Growth Fund

VT AJ Bell Income Q4 2023 Report

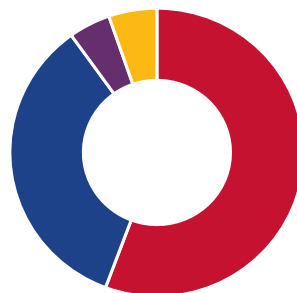
Commentary

Global stock and bond markets rallied over the quarter as inflation declined below expectations – raising hopes that Central Banks may be able to cut interest rates in 2024. Interest rate sensitivity is often closely related to income investments, and isn't just important for bonds but for companies using debt financing too. As higher borrowing costs can be detrimental to corporate health, the possibility of falling interest rates is welcome news. These companies tend to pay dividends because they are mature businesses or own an asset producing rent.

The bond allocation within the portfolio performed well during the fourth quarter, as did the UK property allocation. Within the stock market, sectors that are often sources of dividends performed poorly, such as the Energy sector. This led some of the allocation to shares within the fund to underperform the broader stock market indices.

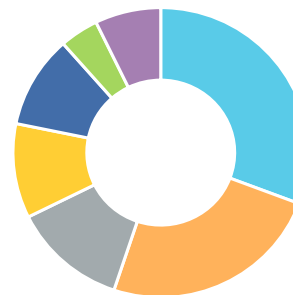
The fund returned 5.2% in the quarter to bring the 2023 return into positive territory at 4.9%.

Asset Breakdown



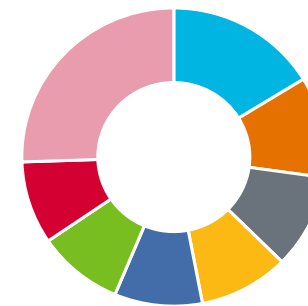
Shares	55.7%
Bonds	34.4%
Cash	4.6%
Other	5.3%

Shares Regional Breakdown



United Kingdom	30.7%
North America	24.4%
Asia Emerging	12.5%
Asia Developed	10.5%
Japan	10.3%
Africa	4.3%
Latin America	7.2%

Shares Sector Breakdown



Financial Services	16.3%
Technology	10.9%
Industrials	10.2%
Real Estate	9.6%
Consumer Cyclical	9.4%
Consumer Defensive	9.2%
Healthcare	9.0%
Other	25.5%

Bond Maturity Breakdown



Less than 1 Year	0.8%
1-3 Years	19.8%
3-5 Years	24.5%
5-7 Years	20.3%
7-10 Years	13.7%
10-15 Years	8.0%
15-20 Years	5.1%
20-30 Years	5.6%
30+ Years	2.3%

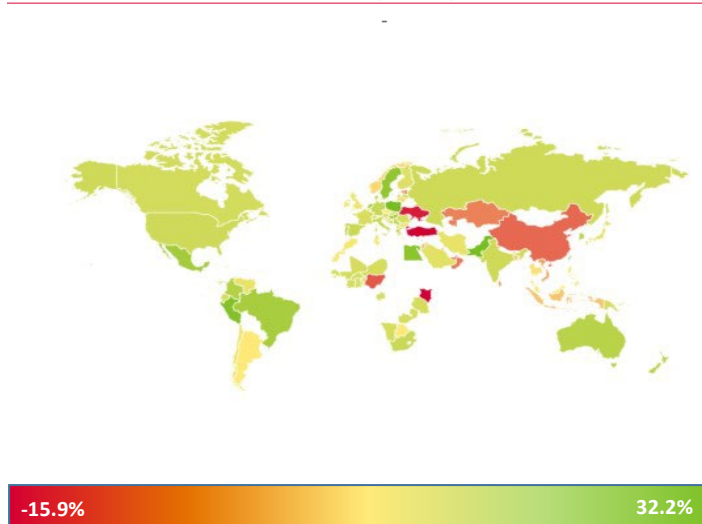
Trailing Returns (%)

Last quarter	5.2
Year to Date	4.9
1 Year	4.9

Historic Performance



Q4 2023 Stock Market Performance (in GBP)



Top 10 Holdings

	Weight (%)
iShares Core FTSE 100 ETF	14.2
Fidelity Emerging Markets Quality Income ETF	13.9
iShares Core £ Corporate Bond ETF	10.4
iShares ESG Overseas Corporate Bond Index	9.1
Invesco S&P 500 High Dividend Low Volatility ETF	8.3
Fidelity US Quality Income ETF	6.0
Vanguard FTSE Japan ETF	6.0
Cash	4.6
iShares \$ High Yield ESG Corporate Bond ETF (GBP Hedged)	4.4
iShares UK Property ETF	3.8

Fund Snapshot

ISIN (Distributing Class)	GB00BH3W7522
ISIN (Accumulating Class)	GB00BH3W7446
Inception Date	08/04/2019
Ongoing Charge	0.65%
Fund Size (£m)	44.20
12 Month Yield (Reinvested)	3.76%

The value of 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 that 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. Totals may not sum to 100% due to rounding. All returns are cumulative and calculated net of ongoing fees, but not including platform costs.

VT AJ Bell Income & Growth Q4 2023 Report

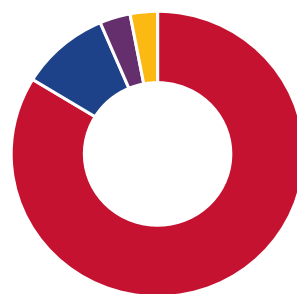
Commentary

A broad rally in global stock markets ensued in the final quarter. Optimism was sparked by hopes that lower inflation meant Central Banks would be able to cut interest rates in 2024 to ease economic conditions.

The return distribution in stock markets was slightly more favourable for income-focused strategies than the first three quarters of the year, in that the so called 'magnificent seven' shares in the US didn't dominate the market return. The Energy sector, however, provided a headwind as it followed the oil price lower. This was particularly impactful for the UK stock market exposure within the fund. Within Emerging markets, China declined, in sharp contrast to much of the global stock market. But some of the allocation to Emerging stock markets was shielded from this thanks to its larger exposure to better-performing markets such as India and Taiwan.

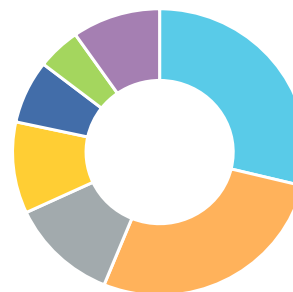
The performance of the fund picked up in the final quarter, returning 5.1% and making for a 7.7% overall return for 2023.

Asset Breakdown



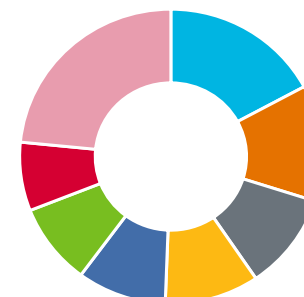
Shares	83.7%
Bonds	9.9%
Cash	3.4%
Other	3.0%

Shares Regional Breakdown



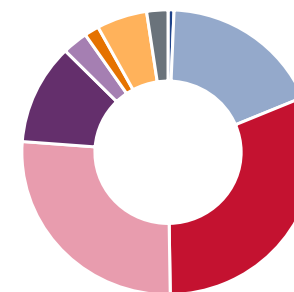
United Kingdom	28.8%
North America	27.4%
Asia Emerging	11.9%
Asia Developed	10.3%
Europe Developed	7.1%
Japan	4.8%
Africa	9.7%

Shares Sector Breakdown



Financial Services	17.1%
Technology	12.8%
Industrials	10.6%
Healthcare	10.1%
Consumer Defensive	9.5%
Consumer Cyclical	8.9%
Energy	7.5%
Other	23.4%

Bond Maturity Breakdown



Less than 1 Year	0.7%
1-3 Years	18.0%
3-5 Years	31.1%
5-7 Years	26.4%
7-10 Years	11.4%
10-15 Years	2.8%
15-20 Years	1.6%
20-30 Years	5.6%
30+ Years	2.4%

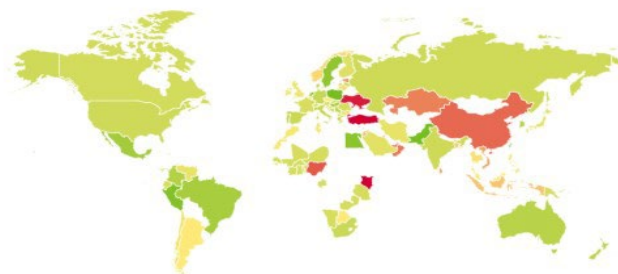
Trailing Returns (%)

Last quarter	5.1
Year to Date	7.7
1 Year	7.7

Historic Performance



Q4 2023 Stock Market Performance (in GBP)



-15.9%

32.2%

Top 10 Holdings

	Weight (%)
Fidelity Emerging Markets Quality Income ETF	18.6
iShares Core FTSE 100 ETF	17.7
Invesco S&P 500 High Dividend Low Volatility ETF	9.6
Fidelity US Quality Income ETF	9.4
iShares MSCI World Quality Dividend ETF	7.9
Vanguard FTSE UK All-Share Index	5.9
Invesco FTSE Emerging Markets High Dividend Low Volatility ET	4.4
Vanguard FTSE Asia Pacific ex-Japan ETF	4.1
iShares \$ High Yield ESG Corporate Bond ETF (GBP Hedged)	3.7
Vanguard FTSE Japan ETF	3.4

Fund Snapshot

ISIN (Distributing Class)	GB00BH3W7990
ISIN (Accumulating Class)	GB00BH3W7883
Inception Date	08/04/2019
Ongoing Charge	0.65%
Fund Size (£m)	54.56
12 Month Target Income	3.84%

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Based on target weights at portfolio rebalance.

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