

Managed Portfolio Service

## Responsible MPS Quarterly Reports

As at 31/12/2023

Welcome to the AJ Bell Responsible MPS quarterly reports. These portfolios aim to deliver simple, transparent, and low-cost investment solutions that focus on long-term growth. This is for clients who want to grow their investments but are also committed to sustainability and making a positive impact.

Our investment management team uses a range of multi-asset securities to provide well-diversified portfolios across varying risk levels. In each portfolio, there is an allocation to the AJ Bell Responsible Growth fund, which helps to keep costs low.



This portfolio is managed by AJ Bell Asset Management Limited. This information is for indicative purposes only and is not intended and should not be construed as investment advice. If you are unsure please consult your financial adviser. The information presented in this document has been taken from the sources stated and is believed to be correct at the time of writing, however this cannot be guaranteed and we are not liable for any subsequent changes. Portfolio data is based on target weights at portfolio rebalance. Transaction costs are excluded from Ongoing Charge Figure (OCF). For further details of all applicable costs, visit [www.investcentre.co.uk](http://www.investcentre.co.uk). The value of investments can go down as well as up and you may get back less than you originally invested. Past performance is not a guide to future performance and some investments need to be held for the long term.

# Managed Portfolio Service

## Market commentary

As at 31/12/2023

The final quarter of 2023 dealt a near fatal blow to the ‘higher for longer’ market mantra, which sparked a broad rally in equity and fixed income markets. Further evidence of global economic weakness and inflation readings surprising to the downside was interpreted as marking the end of the monetary policy tightening cycle.

In fixed income markets, both interest rate and credit risk components aided returns. Longer dated US Treasury yields reversed the steep rises of the third quarter in remarkable fashion and the Federal Reserve joined the chorus by confirming rate cuts are indeed on the agenda.

In the UK, the Bank of England was more circumspective of inflation moving lower and pushed back on suggestions of aggressive interest rate cuts ahead, bringing about a rebound in the value of the pound versus major peers.

The rally in equity markets centred around Developed Markets such as the US and Europe. The UK market, when looking at the large cap index, was yet again subject to interference from the Energy sector as the oil price erased its Israel-Gaza spike on weaker economic news.

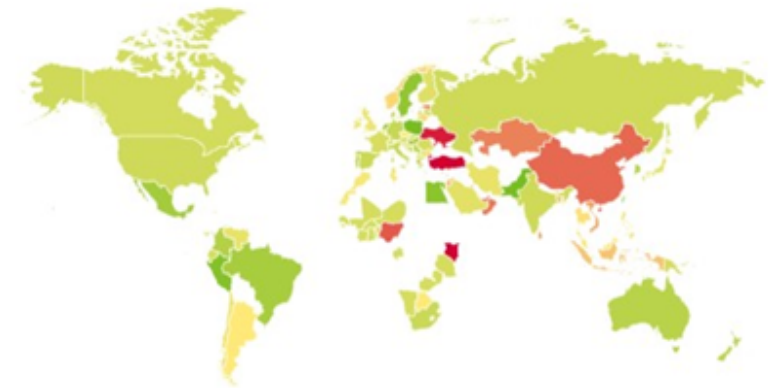
The more domestically-orientated FTSE 250 and small cap indices did however join in with better sentiment coursing through markets.

Emerging Market equities had China performing poorly on one hand and countries such as India and Brazil doing well on the other. The latter were free to rejoice in the easing of global financial conditions and capital flows brought about by a weaker US dollar.

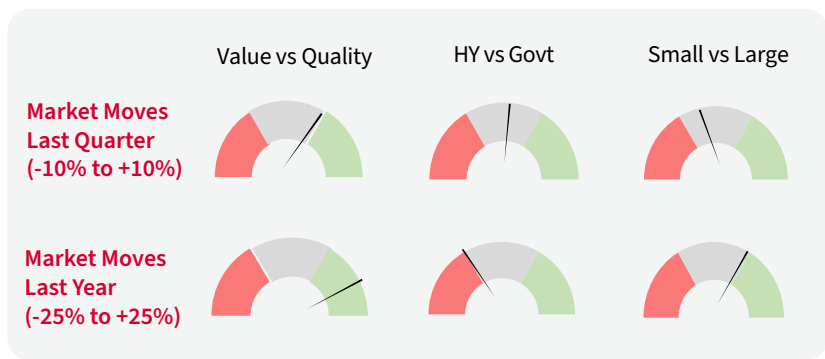
Within alternatives, UK property took encouragement from the possible stabilisation and improvement of debt service costs. Discounts to latest asset valuations narrowed somewhat, however share prices on the whole remain significantly below the heights reached in late 2021 and early 2022.

As we move to 2024, and all but discard ‘higher for longer’ to the scrapheap of ‘this time it’s different’ market dicta, there’s a sense that markets are looking to turn a corner. The last two years have been laden with predictions of recession and now that conditions most closely represent that of a recession, investors are looking out for better times ahead.

This is not without risk: the famed ‘soft landing’ is not guaranteed, and the rate hikes implemented over the past year in the UK, US and Europe will continue to bite in the months ahead.



**-15.9%** **32.2%**



# AJ Bell Responsible MPS 1

As of 31/12/2023

## Portfolio Commentary

Lower-than-expected inflation over the quarter caused a pivot in the market narrative, from 'higher for longer' to one expecting the first cut to interest rates from the Federal Reserve as soon as spring 2024. This stoked bond and equity markets into a rally, which for longer-dated gilts and US Treasuries was a sharp turnaround from the sell-off in the third quarter. High yield also ended the year well, and was one of the best-performing areas of the fixed-income market in 2023.

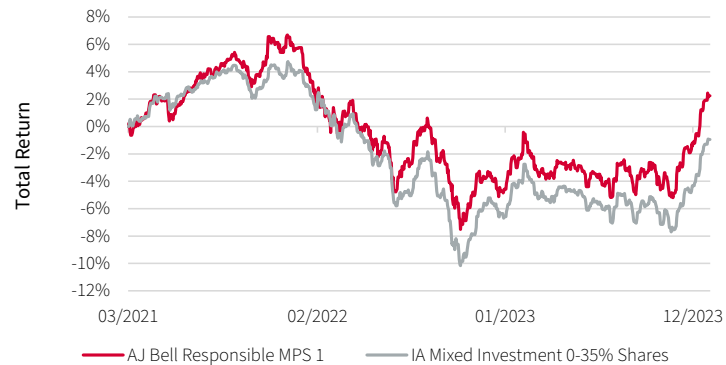
Assets with greater interest rate sensitivity performed well in Q4, such as the iShares Core UK Gilts ETF and the iShares MSCI Target UK Real Estate ETF fund. Credit spread narrowing also aided corporate bond holdings, such as the L&G ESG GBP Corporate Bond ETF. The iShares Green Bond Index GBP hedged benefited from the good performance of global bond indices. Cash, mostly held via the Blackrock Institutional Liquidity fund, lagged other asset classes over the quarter.

The portfolio returned 6.1% over the quarter and 7.1% for 2023.

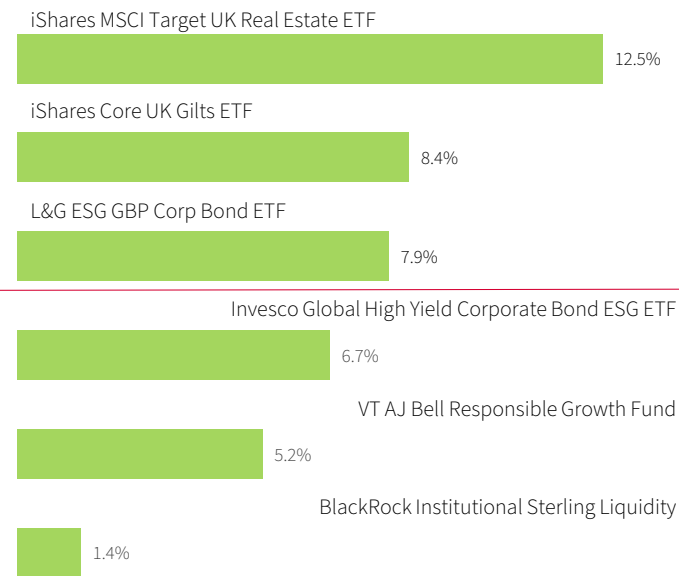
## Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Responsible MPS 1	6.1	6.5	7.1	-3.1	-	2.5
IA Sector	5.7	5.3	6.1	-4.8	-2.3	-2.3

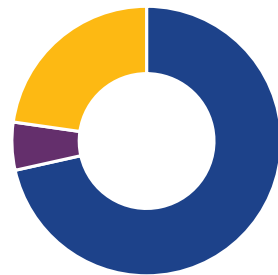
## Cumulative Performance



## Q4 2023 Best/Worst Performers



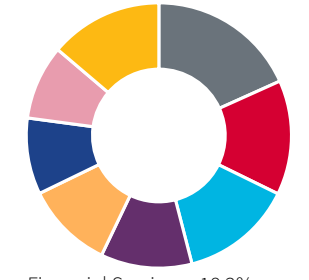
## Asset Breakdown



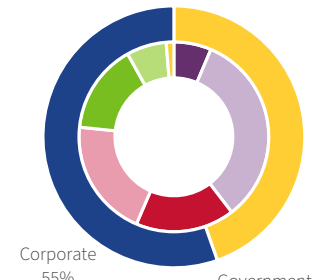
## Regional Breakdown



## Shares Sector Breakdown



## Credit Quality Breakdown



## Portfolio Snapshot

Number of Holdings	8
Inception Date	01/03/2021
Ongoing Charge Figure (OCF)	0.37%

## Top 10 Holdings

Holder	Weight (%)
VT AJ Bell Responsible Growth Fund	25.6
L&G ESG GBP Corp Bond ETF	17.1
iShares Green Bond Index GBP Hedged	17.0
BlackRock Institutional Sterling Liquidity	15.1
iShares Core UK Gilts ETF	10.1
Invesco Global High Yield Corporate Bond ESG ETF	9.0
iShares MSCI Target UK Real Estate ETF	4.3
Cash	1.9

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# AJ Bell Responsible MPS 2

As of 31/12/2023

## Portfolio Commentary

Lower-than-expected inflation over the quarter caused a pivot in the market narrative, from 'higher for longer' to one expecting the first cut to interest rates from the Federal Reserve as soon as spring 2024. This stoked bond and equity markets into a rally, which for longer-dated gilts and US Treasuries was a sharp turnaround from the sell-off in the third quarter. High yield also ended the year well, and was one of the best performing areas of the fixed income market in 2023.

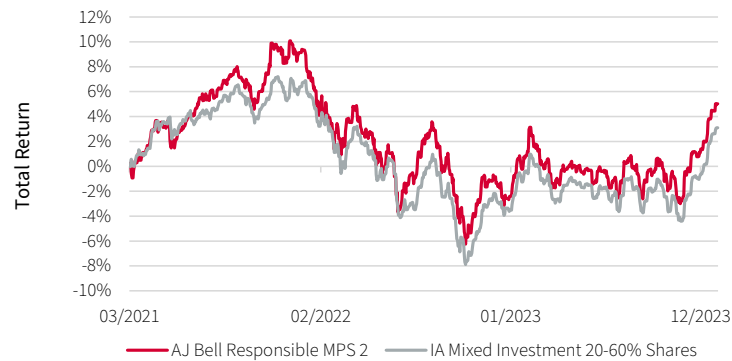
Assets with greater interest rate sensitivity performed well in Q4, such as the iShares Core UK Gilts ETF and the iShares MSCI Target UK Real Estate ETF fund. Credit spread narrowing also aided corporate bond holdings, such as the L&G ESG GBP Corporate Bond ETF. Within equities, the UK market lagged developed market peers again, as can be seen in the performance of the UBS MSCI UK IMI Socially Responsible ETF. Cash, mostly held via the Blackrock Institutional Liquidity fund, lagged other asset classes over the quarter.

The portfolio returned 5.7% over the quarter and 7.6% for 2023.

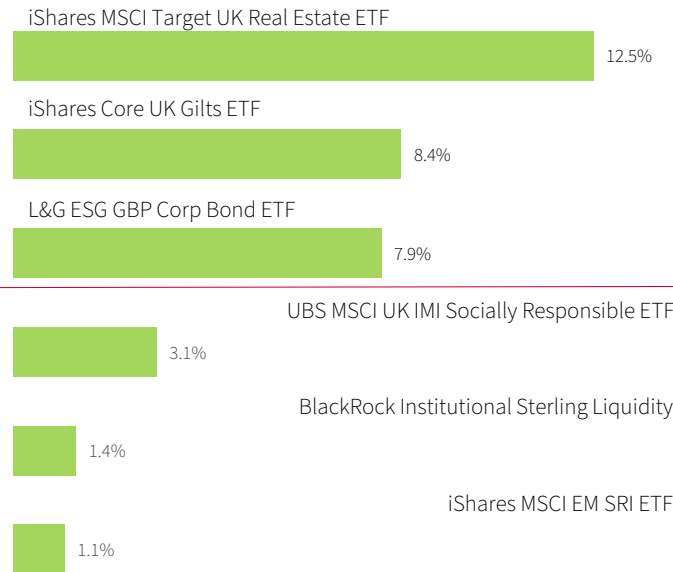
## Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Responsible MPS 2	5.7	6.2	7.6	-3.7	-	5.3
IA Sector	5.7	5.6	6.9	-3.5	2.6	2.6

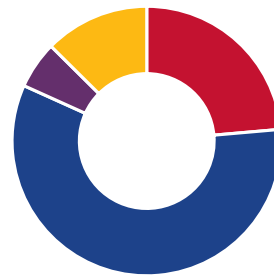
## Cumulative Performance



## Q4 2023 Best/Worst Performers



## Asset Breakdown



- Equity - 23.6%
- Fixed Income - 58.1%
- Alternatives - 5.7%
- Cash - 12.6%

## Regional Breakdown



- United Kingdom - 34.0%
- North America - 30.1%
- Europe Developed - 15.4%
- Asia Emerging - 5.9%
- Japan - 4.9%
- Asia Developed - 3.8%
- Other - 5.9%

## Portfolio Snapshot

Number of Holdings	13
Inception Date	01/03/2021
Ongoing Charge Figure (OCF)	0.38%

## Top 10 Holdings

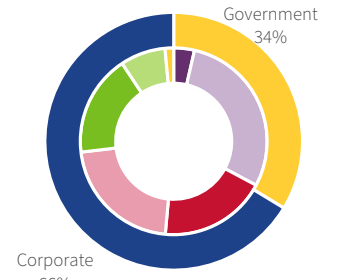
ETF	Weight (%)
VT AJ Bell Responsible Growth Fund	24.9
L&G ESG GBP Corp Bond ETF	14.3
Invesco Global High Yield Corporate Bond ESG ETF	10.1
iShares Green Bond Index GBP Hedged	7.6
BlackRock Institutional Sterling Liquidity	7.6
iShares Core UK Gilts ETF	6.2
iShares MSCI USA SRI ETF	6.0
iShares ESG Overseas Corporate Bond Index	5.4
UBS MSCI UK IMI Socially Responsible ETF	4.9
iShares MSCI Target UK Real Estate ETF	4.3

## Shares Sector Breakdown



- Financial Services - 19.1%
- Technology - 12.7%
- Consumer Cyclical - 11.8%
- Industrials - 11.6%
- Healthcare - 11.0%
- Real Estate - 9.3%
- Communication Services - 8.8%
- Other - 15.6%

## Credit Quality Breakdown



- Government - 34%
- Corporate - 66%
- AAA - 3.6%
- AA - 29.2%
- A - 18.6%
- BBB - 21.7%
- BB - 17.5%
- B - 7.8%
- Below B - 1.5%

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# AJ Bell Responsible MPS 3

As of 31/12/2023

## Portfolio Commentary

The quarter brought a significant shift in expectations regarding interest rates in the US, UK and Europe. As a result, most global equity and bond markets set off on a rally, in relief that most of the pain needed to combat inflation may be behind us and that economic conditions would merely be 'softer' rather than truly recessionary as a result. The rally in equity markets followed a similar pattern to the one we saw earlier in 2023: the US did well, the UK was weighed by weaker commodity prices and China continued to struggle.

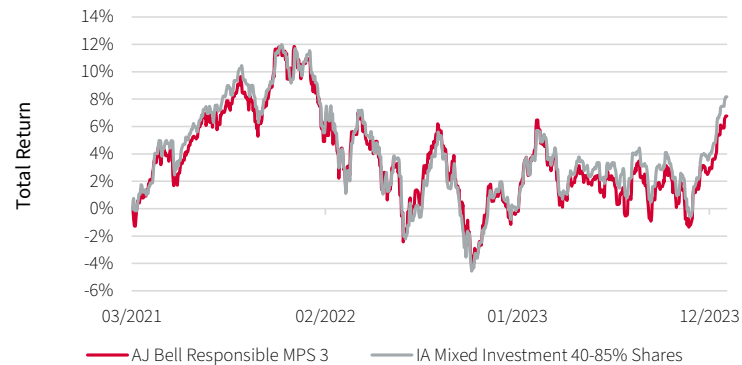
Interest-rate-sensitive assets, such as the iShares MSCI Target UK Real Estate ETF and L&G ESG GBP Corporate Bond ETF performed well.

The portfolio returned 5.0% in the quarter and 7.0% over the year.

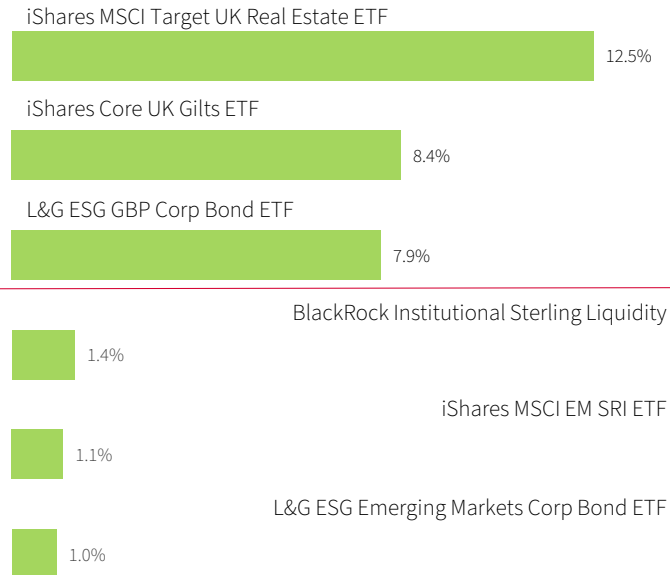
## Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Responsible MPS 3	5.0	5.5	7.0	-3.6	-	6.9
IA Sector	5.8	5.5	8.1	-2.9	8.0	8.0

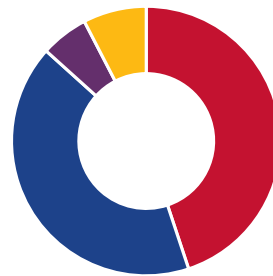
## Cumulative Performance



## Q4 2023 Best/Worst Performers



## Asset Breakdown



## Regional Breakdown



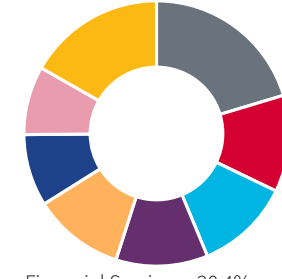
## Portfolio Snapshot

Number of Holdings	14
Inception Date	01/03/2021
Ongoing Charge Figure (OCF)	0.40%

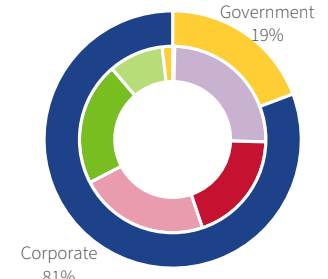
## Top 10 Holdings

ETF	Weight (%)
VT AJ Bell Responsible Growth Fund	25.0
L&G ESG GBP Corp Bond ETF	10.3
UBS MSCI UK IMI Socially Responsible ETF	9.9
iShares ESG Overseas Corporate Bond Index	8.9
iShares MSCI EM SRI ETF	8.7
iShares MSCI USA SRI ETF	8.0
Invesco Global High Yield Corporate Bond ESG ETF	6.1
iShares MSCI Japan SRI ETF	5.0
iShares MSCI Target UK Real Estate ETF	4.3
BlackRock Institutional Sterling Liquidity	3.8

## Shares Sector Breakdown



## Credit Quality Breakdown



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# AJ Bell Responsible MPS 4

As of 31/12/2023

## Portfolio Commentary

The quarter brought a significant shift in expectations regarding interest rates in the US, UK and Europe. As a result, most global equity and bond markets set off on a rally, in relief that most of the pain needed to combat inflation may be behind us and that economic conditions would merely be 'softer' rather than truly recessionary as a result. The rally in equity markets followed a similar pattern to the one we saw earlier in 2023: the US did well, the UK was weaker and China continued to struggle.

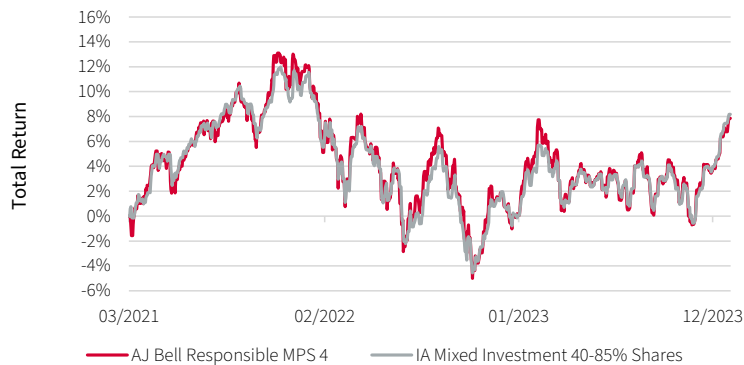
The prospect of interest rates falling, and consequently economic conditions improving, brought relief to the hitherto struggling UK property sector. The iShares MSCI Target UK Real Estate ETF fund made a significant recovery during the quarter to post a 7.5% return for the year. Within Developed equity markets, Europe and the US did well, however the UK lagged as the large cap index was partly weighed down by a stronger pound, creating a translational headwind for overseas revenues.

The portfolio returned 4.8% in the quarter and 7.8% over the year.

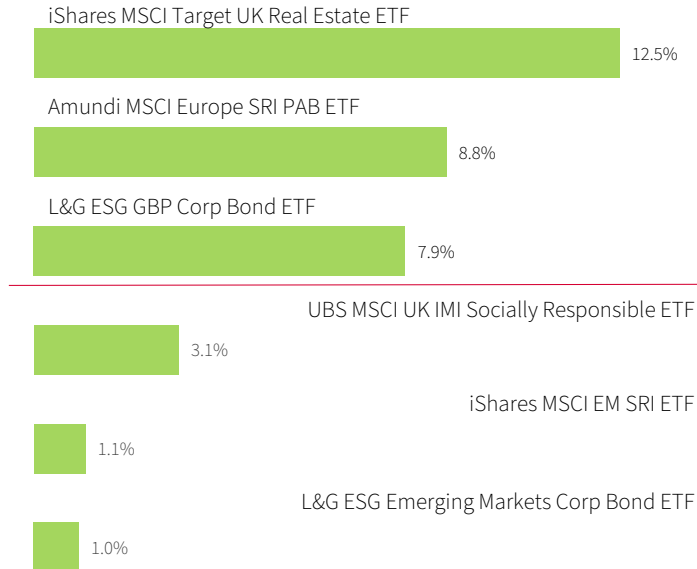
## Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Responsible MPS 4	4.8	5.3	7.8	-3.3		8.7
IA Sector	5.8	5.5	8.1	-2.9	8.0	8.0

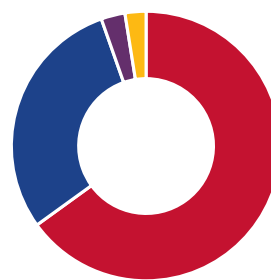
## Cumulative Performance



## Q4 2023 Best/Worst Performers



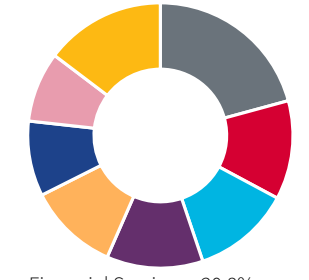
## Asset Breakdown



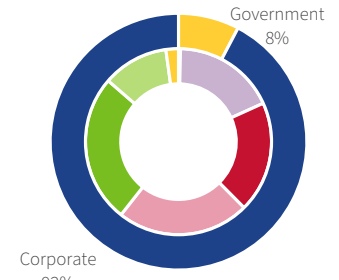
## Regional Breakdown



## Shares Sector Breakdown



## Credit Quality Breakdown



## Portfolio Snapshot

Number of Holdings	13
Inception Date	01/03/2021
Ongoing Charge Figure (OCF)	0.41%

## Top 10 Holdings

ETF	Weight (%)
VT AJ Bell Responsible Growth Fund	25.1
iShares MSCI USA SRI ETF	14.1
UBS MSCI UK IMI Socially Responsible ETF	13.9
iShares MSCI EM SRI ETF	11.6
L&G ESG GBP Corp Bond ETF	8.3
iShares ESG Overseas Corporate Bond Index	6.9
Invesco Global High Yield Corporate Bond ESG ETF	4.1
iShares MSCI Japan SRI ETF	4.0
Amundi MSCI Europe SRI PAB ETF	3.1
L&G ESG Emerging Markets Corp Bond ETF	2.9

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# AJ Bell Responsible MPS 5

As of 31/12/2023

## Portfolio Commentary

Equity markets ended the year on a strong note, partially rallying in response to suggestions that central banks would be cutting rates sometime in 2024 and so aiding economic conditions. The 'magnificent seven' were less dominant in Q4, and a broader rally occurred across mid and small caps. After a difficult 2022 Chinese equities failed to reverse course in 2023, however other Emerging Markets such as India, Brazil and Taiwan kept pace with or exceeded their Developed Market counterparts.

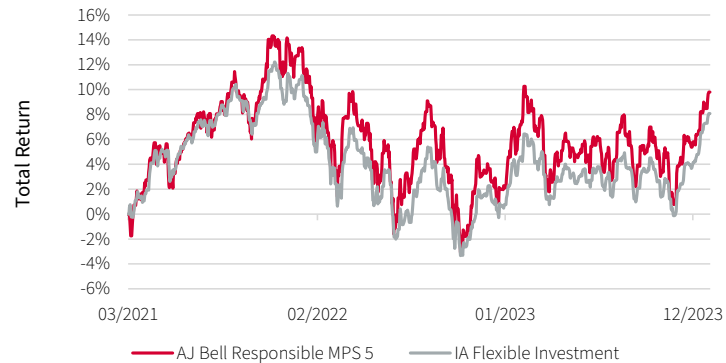
The prospect of interest rates falling, and consequently economic conditions improving, brought relief to the hitherto struggling UK property sector. The iShares MSCI Target UK Real Estate ETF fund made a significant recovery during the quarter to post a 7.5% return for the year. Within Developed equity markets, Europe and the US did well, however the UK lagged as the large cap index was partly weighed down by a stronger pound, creating a translational headwind for overseas revenues.

The portfolio returned 4.5% in the quarter and 7.5% over the year.

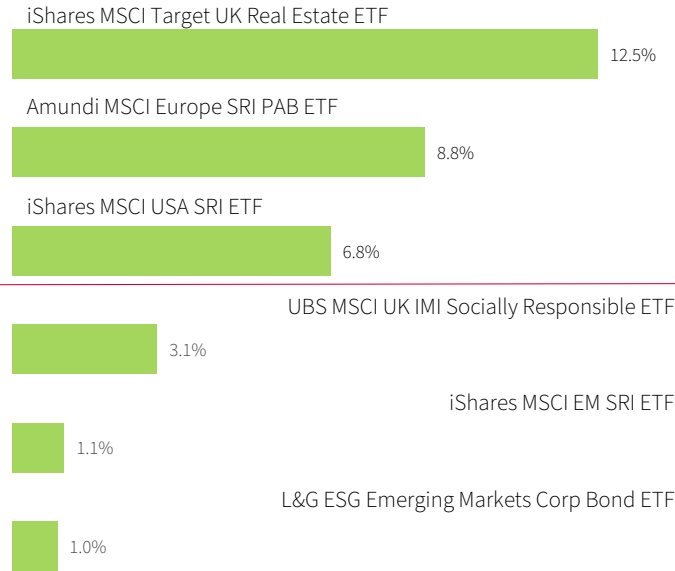
## Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Responsible MPS 5	4.5	4.7	7.5	-2.6	-	10.6
IA Sector	5.2	5.0	7.3	-2.5	8.6	8.6

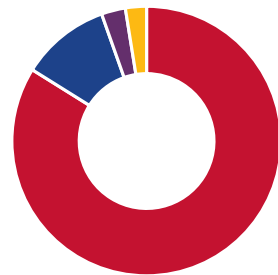
## Cumulative Performance



## Q4 2023 Best/Worst Performers

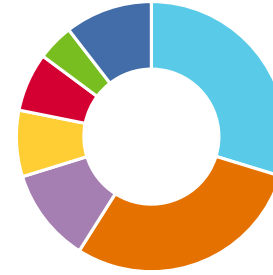


## Asset Breakdown



- Equity - 83.9%
- Fixed Income - 10.7%
- Alternatives - 2.9%
- Cash - 2.5%

## Regional Breakdown



- North America - 29.7%
- United Kingdom - 29.2%
- Asia Emerging - 11.2%
- Asia Developed - 7.9%
- Europe Developed - 7.0%
- Africa/Middle East - 4.4%
- Other - 10.5%

## Portfolio Snapshot

Number of Holdings	11
Inception Date	01/03/2021
Ongoing Charge Figure (OCF)	0.43%

## Top 10 Holdings

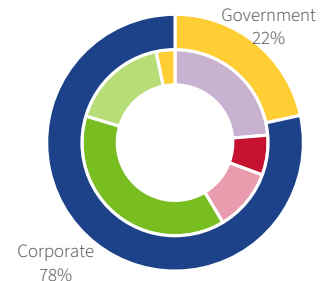
	Weight (%)
VT AJ Bell Responsible Growth Fund	25.1
UBS MSCI UK IMI Socially Responsible ETF	19.0
iShares MSCI USA SRI ETF	18.2
iShares MSCI EM SRI ETF	16.4
Invesco Global High Yield Corporate Bond ESG ETF	5.1
Amundi MSCI Europe SRI PAB ETF	4.2
iShares MSCI Japan SRI ETF	3.0
L&G ESG Emerging Markets Corp Bond ETF	2.9
iShares MSCI Target UK Real Estate ETF	2.2
Amundi MSCI Pacific ex Japan SRI PAB	2.0

## Shares Sector Breakdown



- Financial Services - 21.3%
- Consumer Cyclical - 12.2%
- Healthcare - 11.8%
- Industrials - 11.7%
- Technology - 10.4%
- Consumer Defensive - 9.5%
- Communication Services - 8.6%
- Other - 14.3%

## Credit Quality Breakdown



- Government 22%
- Corporate 78%
- AAA - 0.0%
- AA - 23.7%
- A - 6.9%
- BBB - 10.8%
- BB - 38.2%
- B - 17.1%
- Below B - 3.3%



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# AJ Bell Responsible MPS 6

As of 31/12/2023

## Portfolio Commentary

Equity markets ended the year on a strong note, partially rallying in response to suggestions that central banks would be cutting rates sometime in 2024 and so aiding economic conditions.

The prospect of interest rates falling, and consequently economic conditions improving, brought relief to the hitherto struggling UK property sector. The iShares MSCI Target UK Real Estate ETF fund made a significant recovery during the quarter to post a 7.5% return for the year.

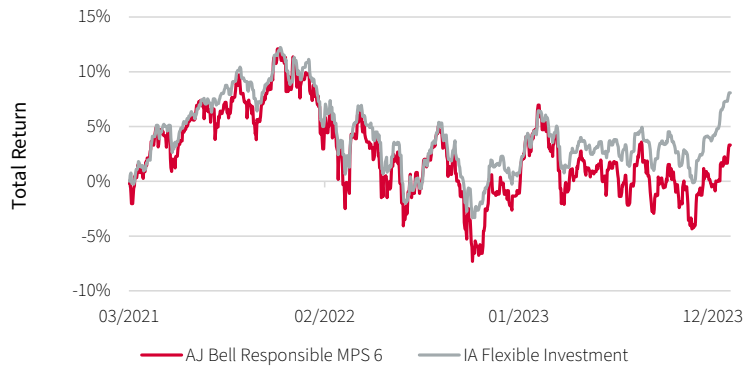
After a difficult 2022, Chinese equities failed to reverse course in 2023 and they ended the year on a bad note, as evidenced by the performance of the UBS ETF MSCI China ESG Universal ETF during the quarter. Other Emerging Markets such as India, Brazil and Taiwan kept pace with or exceeded their Developed Market counterparts.

The portfolio returned 3.6% over the quarter and 4.4% for 2023.

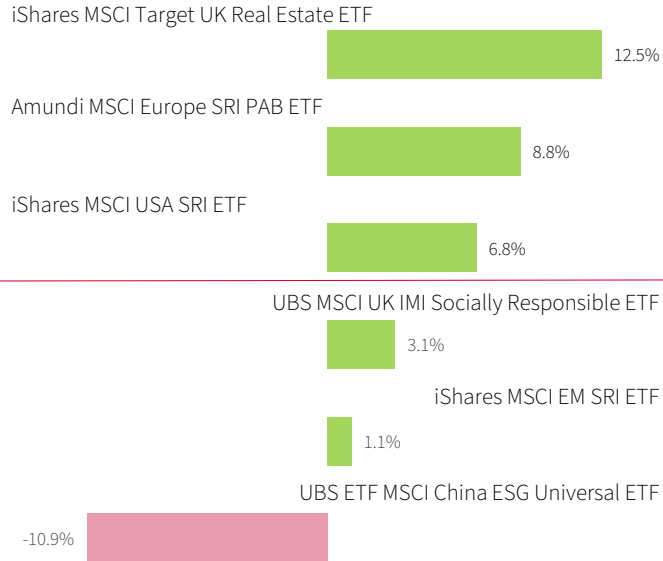
## Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Responsible MPS 6	3.6	3.4	4.4	-5.6	-	4.0
IA Sector	5.2	5.0	7.3	-2.5	8.6	8.6

## Cumulative Performance



## Q4 2023 Best/Worst Performers



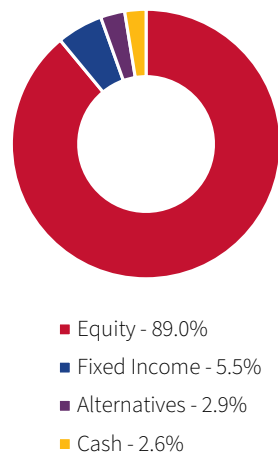
## Portfolio Snapshot

Number of Holdings	11
Inception Date	01/03/2021
Ongoing Charge Figure (OCF)	0.44%

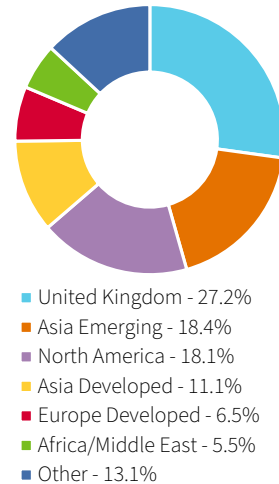
## Top 10 Holdings

ETF	Weight (%)
iShares MSCI EM SRI ETF	27.2
VT AJ Bell Responsible Growth Fund	25.3
UBS MSCI UK IMI Socially Responsible ETF	17.1
iShares MSCI USA SRI ETF	7.1
Amundi MSCI Pacific ex Japan SRI PAB	5.1
Amundi MSCI Europe SRI PAB ETF	4.2
Invesco Global High Yield Corporate Bond ESG ETF	4.1
iShares MSCI Japan SRI ETF	3.1
UBS ETF MSCI China ESG Universal ETF	2.6
iShares MSCI Target UK Real Estate ETF	2.2

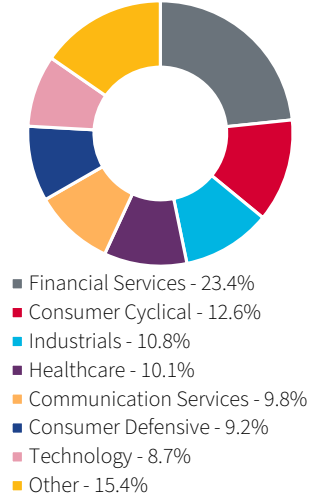
## Asset Breakdown



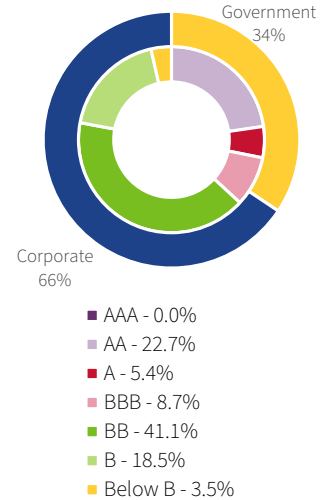
## Regional Breakdown



## Shares Sector Breakdown



## Credit Quality Breakdown



! The value of investments can go down as well as up and you may get back less than you originally invested. This portfolio is managed by AJ Bell Asset Management Limited. Past performance information is based on the target model, rebalanced on a quarterly basis and is not a guide to future performance. 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. Transaction costs are excluded from Ongoing Charge Figure (OCF). For further details of all applicable costs, visit [www.investcentre.co.uk](http://www.investcentre.co.uk).