Managed Portfolio Service

Active Income MPS Quarterly Reports

As at 31/03/2024

Welcome to the AJ Bell Active MPS Income quarterly reports. These portfolios aim to deliver simple, transparent, and low-cost investment solutions, focusing on income yield. There are two portfolios that aim to deliver different levels of capital growth within their income mandates by taking different levels of risk.

The AJ Bell investment management team uses a range of active funds and index-tracking securities to gain exposure to the investment themes and sectors that we see as delivering yield in financial markets. The portfolios are well-diversified and managed with a value-focused approach, with an aim to balance costs and returns.

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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. 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 31/03/2024

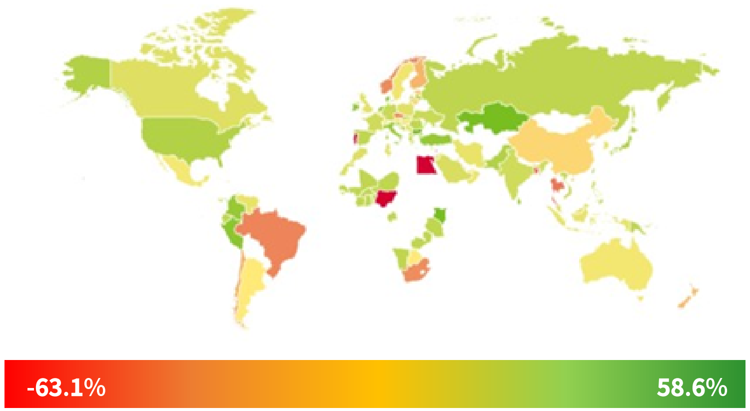
Last quarter we mentioned markets may be looking to turn a corner after being on ‘recession watch’ for much of the last two years. Data now confirms, subject to revision of course, that the UK experienced a technical recession in the second half of 2023[1]. Notably the US and many other economies appear to have avoided such a fate and the mention of a recession appears less frequent from forecasters and the media; instead the focus has shifted to a possible ‘reacceleration’. Global economic data during the first quarter aided this narrative, which provided fuel for a further rally in risk assets and gave pause for thought regarding how quickly major Central Banks would cut interest rates this year.

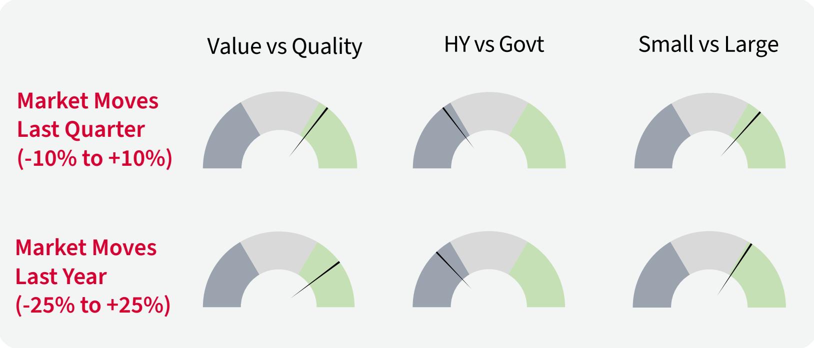
The market went into 2024 expecting up to six interest rate cuts from the US Federal Reserve this year, however by the end of the quarter the consensus had shifted be more aligned with policy makers’ expectations of just three cuts. This, and two higher than expected US inflation prints, conspired to shift yields higher across the US curve. Most global government bond yields followed, however shorter-dated yields in the UK were kept in check by inflation readings[4] that came in a touch below expectations. In corporate bonds, credit spreads tightened to provide insulation from the move higher in rates.

Developed equity markets had a strong start to the year. Japanese equities-maintained momentum as the sense of change to inflation dynamics in the country, coupled with long-running corporate reform, continued to attract international investor attention. In the US, some of the ‘magnificent seven’ fell by the wayside and a broader rally ensued, encompassing sectors such as Energy and Financials, albeit with Nvidia continuing to lead the way and dominating the headlines. UK equities participated in the rally, however lagged behind the peer group. Larger companies generally fared better than mid- and small-cap components, particularly in the UK.
Emerging market equities had another quarter of varied returns, with India and Taiwan performing well, whilst markets in Brazil and South Africa struggled. Chinese equities fell sharply in the first couple of weeks of the year, then staged a strong rebound into the quarter end on the back of improving economic data and interventionist rhetoric from policymakers. Indian equities did well but were outshone by their developed market peers.

Within alternatives, listed UK Property came under pressure from rising bond yields. In commodity markets, the oil price responded positively to better-than-expected global activity data, even although supply remains marred by security incidents in the Middle East and the ongoing conflict between Russia and Ukraine. The gold price reached a record high as some countries increasingly view it as a ‘safe haven’ alternative to parking cash in the US dollar banking system.

A spritely start to the year for equities puts investors at ease at a time when there is plenty on the agenda. In the US, aside from the smaller regional banks coming under strain from higher rates and declining real estate values, the broader economy has weathered higher interest rates impressively. The outlook appears predicated on that remaining the case whilst simultaneously providing the Fed the opportunity to lower interest rates. As summer approaches, elections and their policy machinations should come into sharper focus, bringing with them the usual background noise.





AJ Bell Active MPS Income 1

As of 31/03/2024

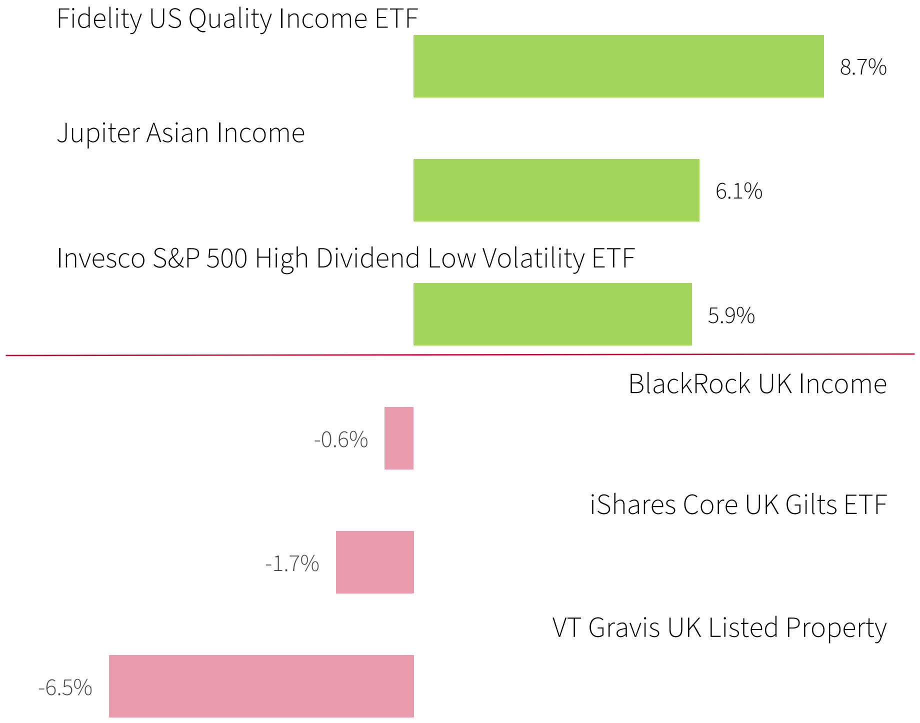
Portfolio Commentary

The quarter brought a significant shift in expectations regarding interest rates cuts in the US. This shifted the US yield curve higher and most other global government bonds yields followed. This was evident in the performance of the iShares Core UK Gilts ETF, whilst the UK property holding in the VT Gravis UK Listed Property fund also felt the strain. Corporate bonds were shielded by a tightening of credit spreads.

Generally-better-than-expected economic data gave equity markets fuel for a more cyclically-led rally, albeit the technology sector continued to perform well. Sectors such as financials, energy and industrials – typically dividend payers – also performed well. Emerging market equities had a positive quarter, albeit overshadowed by returns from developed market peers. The Jupiter Asian Income fund navigated the volatility in the region well, via its significant underweight position to mainland China and large weighting to Taiwan.

Overall, the portfolio was up 2.3% over the quarter.

Q1 2024 Best/Worst Performers



Portfolio Snapshot

Number of Holdings	20
Inception Date	19/02/2018
Ongoing Charge Figure (OCF)	0.67%
Target Yield	3-5%

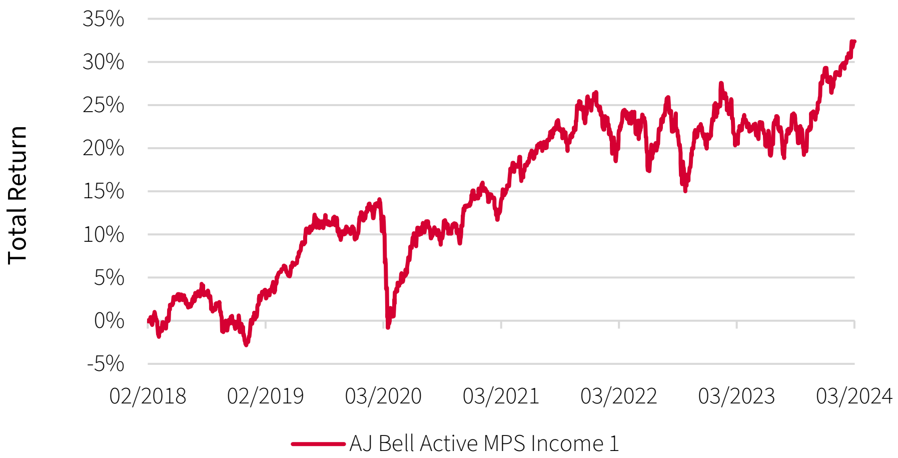
Top 10 Holdings

Top 10 Holdings	Weight (%)
Royal London Corporate Bond	10.0
Jupiter Japan Income	7.0
Invesco FTSE Emerging Markets High Dividend Low Volatility E	7.0
WS Evenlode Income	7.0
JPM Emerging Markets Income	7.0
Capital Group Global Corporate Bond	7.0
BlackRock Institutional Sterling Liquidity	5.0
Artemis Corporate Bond	5.0
iShares Core UK Gilts ETF	5.0
Invesco S&P 500 High Dividend Low Volatility ETF	5.0

Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Active MPS Income 1	2.3	8.0	8.5	6.6	14.7	33.0

Cumulative Performance



Asset Breakdown

- Equity - 55.0%
- Fixed Income - 34.0%
- Alternatives - 4.0%
- Cash - 7.0%

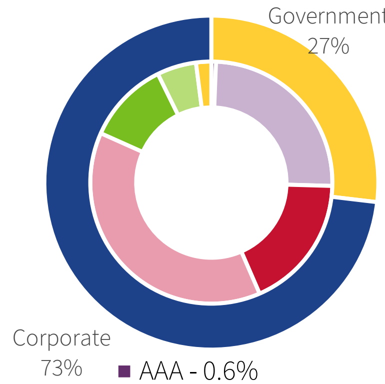
Regional Breakdown

- United Kingdom - 39.1%
- North America - 19.4%
- Europe Developed - 10.3%
- Asia Emerging - 8.6%
- Japan - 7.7%
- Asia Developed - 5.5%
- Other - 9.4%

Shares Sector Breakdown

- Financial Services - 18.8%
- Technology - 14.3%
- Industrials - 12.2%
- Consumer Defensive - 9.6%
- Consumer Cyclical - 9.2%
- Real Estate - 8.0%
- Basic Materials - 6.5%
- Other - 21.3%

Credit Quality Breakdown



- AAA - 0.6%
- AA - 24.8%
- A - 18.0%
- BBB - 38.2%
- BB - 11.0%
- B - 5.2%
- Below B - 2.0%

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AJ Bell Active MPS Income 2

As of 31/03/2024

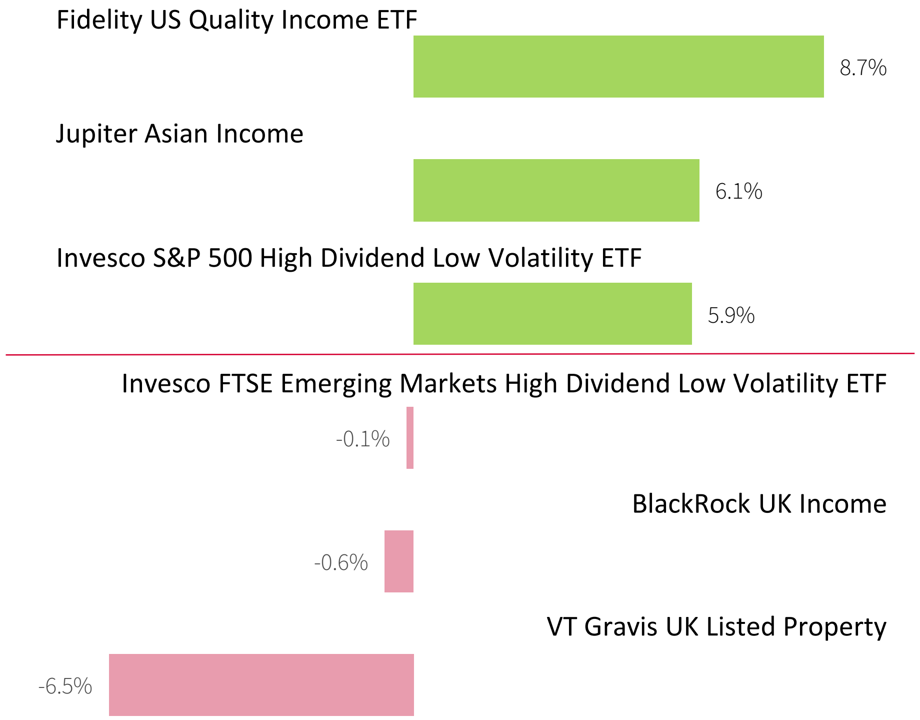
Portfolio Commentary

Global equity markets continued their rally in first quarter as optimism about the state of the global economy spread. Developed equity markets again led the way with a more cyclically-led rally taking place, a positive for income focus strategies, however the technology sector continued to perform well. Japanese equities continued to feature on the radar of international investors, which helped spur the market to new highs.

Emerging market equities had another quarter of varied returns, with India and Taiwan performing well, whilst markets in Brazil and South Africa struggled. Chinese equities fell sharply in the first couple of weeks of the year, then staged a strong rebound into the quarter end. The Jupiter Asian Income fund navigated the volatility well given its significant underweight position to mainland China and large weighting to Taiwan. After a strong Q4, UK property struggled against rising bond yields, which was particularly evident in the performance of the VT Gravis UK Listed Property fund.

Overall, the portfolio was up 3.5% for Q1.

Q1 2024 Best/Worst Performers



Portfolio Snapshot

Number of Holdings	17
Inception Date	19/02/2018
Ongoing Charge Figure (OCF)	0.78%
Target Yield	3-5%

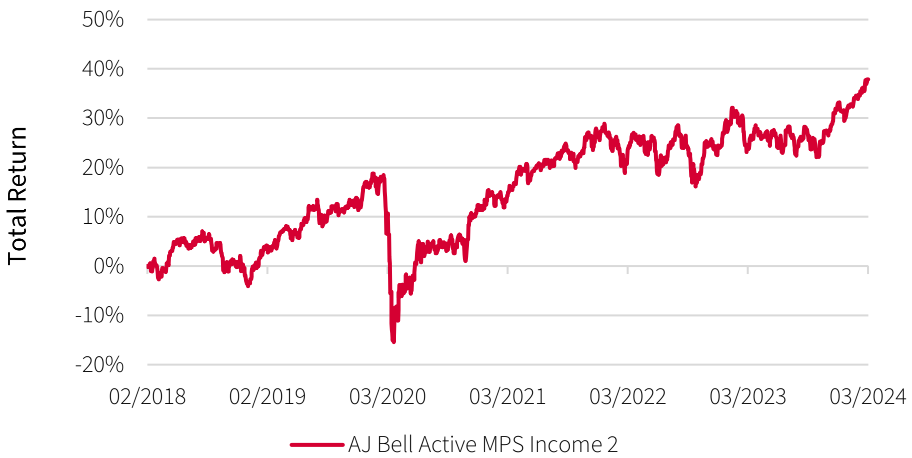
Top 10 Holdings

Top 10 Holdings	Weight (%)
Fidelity US Quality Income ETF	10.0
JPM Emerging Markets Income	10.0
Invesco FTSE Emerging Markets High Dividend Low Volatility E	10.0
Jupiter Asian Income	8.0
Invesco S&P 500 High Dividend Low Volatility ETF	7.0
Invesco High Yield	7.0
WS Evenlode Income	6.0
BlackRock Continental European Income	6.0
Man GLG Income	6.0
Jupiter Japan Income	5.0

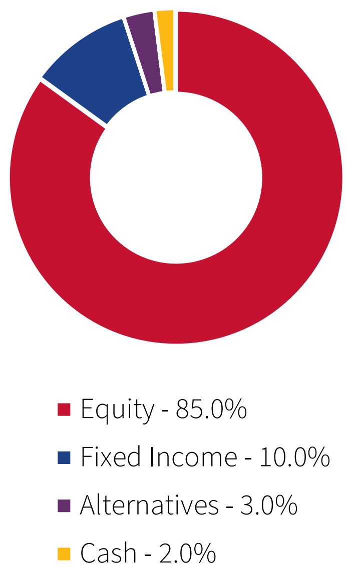
Trailing Returns (%)

	3m	6m	1y	2y	3y	Launch
Active MPS Income 2	3.5	9.1	9.6	9.1	18.6	38.6

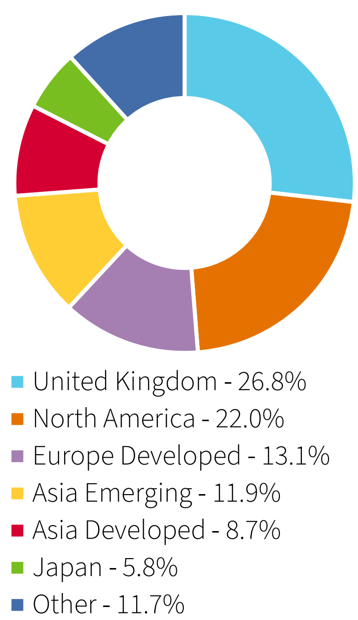
Cumulative Performance



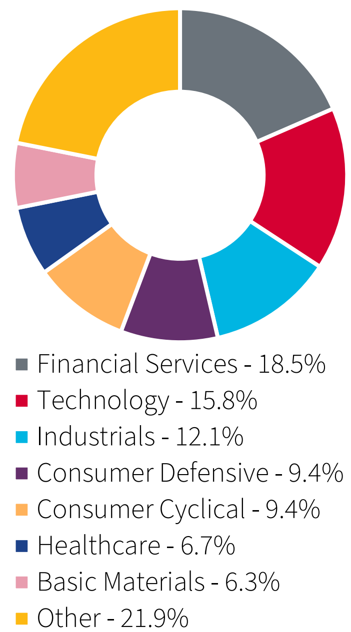
Asset Breakdown



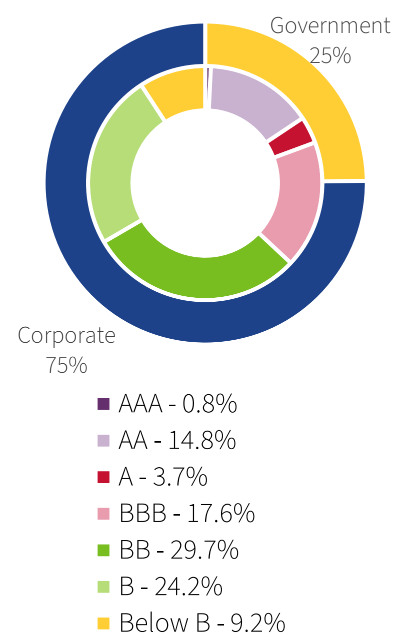
Regional Breakdown



Shares Sector Breakdown



Credit Quality Breakdown



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