

# CG AJ Bell Income & Growth

As at 31 December 2025

## Market commentary:

The fourth quarter concluded a broadly positive year for markets, particularly for riskier asset classes such as equities. In contrast to the summer, the prevailing AI narrative shifted somewhat; however, just as sentiment appeared to wane, corporate earnings provided renewed optimism.

Markets, for the most part, endured the second-longest US Government shutdown on record. The resulting patchy economic data from the US made it somewhat difficult to ascertain underlying trends. Nevertheless, the Federal Reserve saw enough in the employment data to lower rates decisively, delivering two further cuts before year end.

After inflation in the UK hovered at nearly double the 2% target during the summer months, it subsided to 3.2% by November. This enabled the Bank of England to implement a final rate cut in December, which supported gilts across the curve, as did the smooth passage of the UK Budget. A similar trend in inflation was observed in the US, following a gap in coverage due to the Government shutdown. US inflation eased to 2.7% in November, allowing the Fed to focus on the employment aspect of its mandate.

Corporate bonds enjoyed another positive quarter, ending 2025 on a strong note. Credit spread compression and higher starting yields helped them outperform government bonds this year. Consequently, those segments of the bond market carrying greater risk, such as high yield bonds, proved to be more attractive allocations in 2025.

Despite headlines highlighting US markets reaching all-time highs, returns in sterling terms were comparatively muted over 2025 due to the weakness of the US dollar. In the fourth quarter, US market returns were supported by Alphabet's rise to challenge Nvidia in AI chip design, while the latter remained steady. The healthcare sector performed well after leading companies reached drug pricing agreements with the US Government. UK and European equities were also buoyed by financials, with healthcare stocks performing strongly. The UK market additionally benefited from the

materials sector, which rallied on the back of rising precious and industrial metal prices.

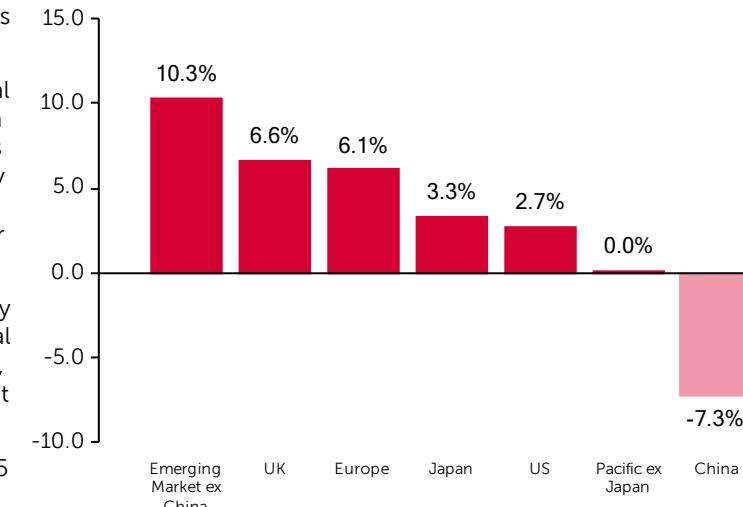
Emerging markets ex China continued their rally in the final quarter of 2025 as the AI theme and its supply chain attracted attention. Technology-heavy markets such as South Korea and Taiwan benefited, while Chinese equity markets and their AI leaders declined, reflecting their underlying reliance on consumer spending amid weaker economic data.

Looking ahead, AI is likely to remain a key theme, particularly for markets heavily exposed to the technological development and supply chains. As 2025 demonstrated, other themes across markets may attract less attention but remain significant.

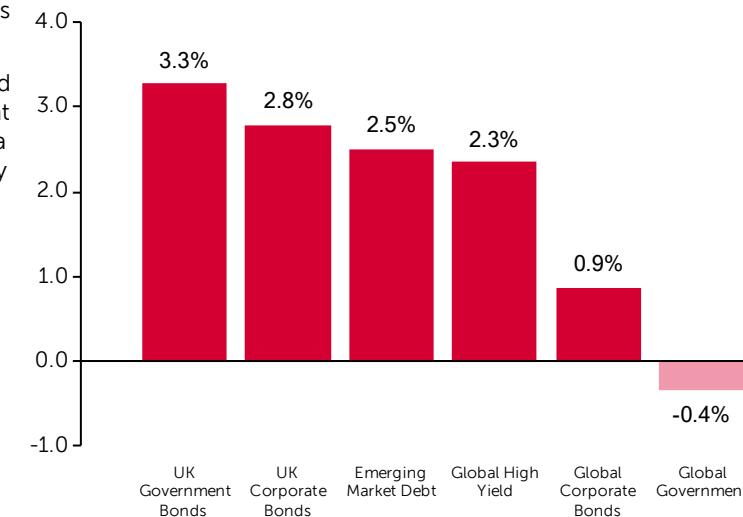
The rise in industrial metal prices towards the end of 2025 prompts questions about our position in the global economic cycle and the fragility of supply chains. This, in turn, brings inflationary dynamics back into focus. Despite some short-term relief, we believe there are considerable risks to maintaining inflation in line with central bank targets over the long term.

As ever there is a wide range of possibilities ahead of us, and therefore it is useful to return to one of our core investment principles: diversification. We see a continued need for a strong emphasis on diversification within bond and equity allocations in 2026.

## Equity performance - last quarter



## Fixed income performance - last quarter



## Portfolio commentary

This fund is designed to provide investors with regular income while aiming to preserve the value of their investments. With a 3.58% return in the fourth quarter, the fund has continued to deliver consistent income and capital growth. The UK continued to be a valuable part of the return in the fourth quarter. Europe followed suit, as did the US thanks to company earnings figures that comforted investors.

Emerging markets ex-China provided the strongest returns, as tech companies in Taiwan and South Korea benefitted from the AI boom. India, which has struggled to attract investors for much of the year without a major AI component, started to grow again in the fourth quarter. China was the only region that faced significant struggles in the period.

We expect AI to continue as a dominant theme this year but will focus on alternative ways to invest globally, broadening from the classic tech and communications plays in the US.

## Q4 2025 best/worst performers

Amundi MSCI Emerging Markets ex China ETF	10.30%
iShares MSCI Emerging Markets ex-China ETF	10.20%
iShares Core FTSE 100 ETF	6.83%
Vanguard Pacific ex-Japan Stock Index	0.02%
Invesco S&P 500 High Dividend Low Volatility ETF	-1.93%
Franklin FTSE China ETF	-6.96%

## Performance

Cumulative (%)	3 months	6 months	1 year	3 years	5 years	Since inception
CG AJ Bell Income & Growth	3.58	10.87	15.03	36.17	52.50	53.51

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.

## Portfolio snapshot

Number of holdings	19
Inception date	08 Apr 2019
Fund size	£106.12m
ISIN (I Acc)	GB00BH3W7883

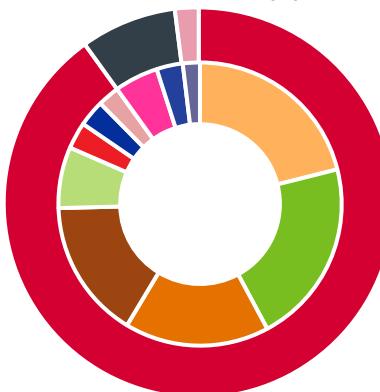
## Top 10 holdings

Holding	Weight (%)
iShares Core FTSE 100 ETF	18.15
Fidelity Emerging Markets Quality Income ETF	16.51
Fidelity US Quality Income ETF	11.04
Invesco S&P 500 High Dividend Low Volatility ETF	10.04
Franklin Templeton European QualDiv ETF	8.52
iShares MSCI Europe Quality Dividend ETF	7.37
Amundi Prime Japan ETF	4.82
Vanguard Pacific ex-Japan Stock Index	3.01
Vanguard FTSE UK All-Share Index	2.90
State Street Global High Yield Bond Screened Index	2.55

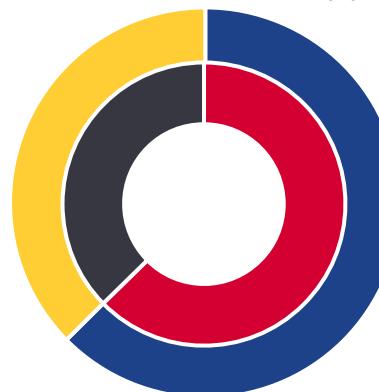
## Risk profile

For investors who favour capital growth and regular dividend payments through a higher allocation to equities. Investors should understand the risk reward relationship that entails over the short, medium, and long term. The fund predominantly invests in funds, and exchange traded funds (ETFs), using a defined strategic asset allocation process to deliver returns while meeting the targeted level of risk.

## Asset allocation (%)



## Fixed income breakdown (%)



## Equity breakdown (%)



## Equity

<b>Equity</b>	<b>90.05</b>
North America equity	21.08
UK equity	21.05
Emerging markets equity	16.51
Europe ex-UK equity	15.89
Japan equity	6.99
Emerging markets ex-China equity	3.05
Asia Pacific ex-Japan equity	3.01
China equity	2.48

## GBP Bonds

<b>GBP Bonds</b>	<b>62.59</b>
Global high yield bonds (GBP hedged)	62.59
International Bonds	37.41

## International Bonds

Emerging market debt	37.41
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## Fixed Income

## 7.98

Global high yield bonds (GBP hedged)	4.99
Emerging market debt	2.99
Cash	1.97

## 1.97

## Cash

## Sector

Financial Services	22.92
Technology	11.99
Industrials	10.89
Healthcare	8.91
Consumer Defensive	8.87
Communication Services	7.99
Consumer Cyclical	7.75
Energy	6.25
Utilities	5.07
Basic Materials	4.94
Real Estate	4.42

The Ongoing charges figure (OCF) includes the underlying OCF, the annual management fee, and the costs for running and administering the fund structure. The annual management fee is variable, as it consists of the fixed OCF, minus all other costs.

Transaction costs represent the net costs incurred by the fund in buying and selling underlying investments. These are the gross costs offset with any pricing mechanisms used by the fund to protect investors from the cost of transactions (such as swing pricing). In some instances this may result in a negative number.

Performance is calculated on a net of fees basis. This fund launched on 8 April 2019.

Totals may not sum to 100% due to rounding.

**Currency Risk:** The Fund invests in overseas markets and the value of its investments and may rise or fall as a result of changes in exchange rates.

**Emerging Markets Risk:** The Fund invests in less economically developed markets (i.e. emerging markets) which can involve greater risks and fluctuations in valuations compared to developed market places.

**Index Trading Risk:** The performance of any passively managed funds may not exactly track that of their indices. This is referred to as 'Tracking error'.

**Interest Rate Risk:** Fluctuations in interest rates may affect the value of the Fund and your investment.

**Liquidity Risk:** The Fund invests within underlying funds and there is a risk that these suspend or defer the payment of redemption proceeds, which may impact the Fund's ability to meet redemption requests.



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