

Investor & Analyst Head Office Site Visit

Presentation and Q&A
20 October 2022

Presenters:

Michael Summersgill, Chief Executive Officer
Billy Mackay, Managing Director (Advised)
Kevin Doran, Managing Director (D2C)

CEO Introduction

Michael Summersgill

■ Overview of AJ Bell



Our platform propositions

	Advised	D2C
Full-service		
Simplified		
Investment solutions		

Touch is a new proposition currently being developed for the advised market, due to soft launch before the end of 2022

Michael Summersgill, Chief Executive Officer

- Our platform propositions are the strategic focus, including our in-house investment products
- We are committed to our dual-channel, single operating model, which maximises our growth opportunity in the advised and D2C segments of the UK platform market
- Full-service propositions continue to be our focus and will be the growth engine of the business for years to come
- Simplified propositions help us to target different customer segments that we feel we can't serve as well with existing propositions – one eye on the future, providing strategic flexibility
- In-house investments business growing strongly with over £1 billion of underlying net inflows in FY22 and excellent performance in a tough market – will be a bigger part of the business in years to come

Overview of AJ Bell

Sustained organic growth of our platform business since IPO

Figure 1

Platform customers (000s)

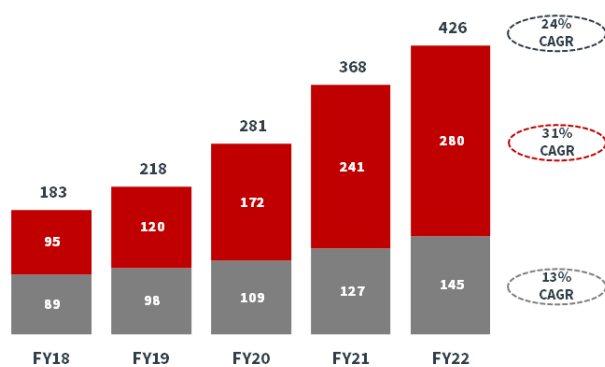
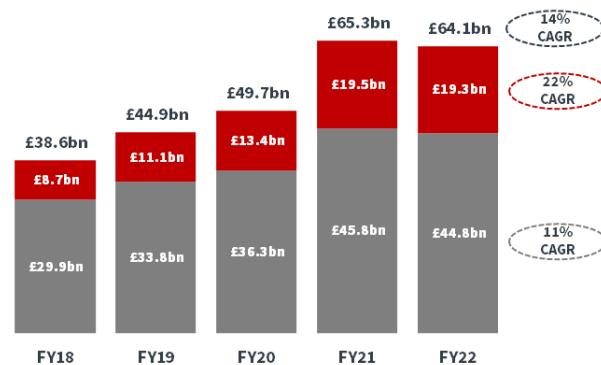


Figure 2

Platform assets under administration



■ Advised platform ■ D2C platform

Michael Summersgill, Chief Executive Officer

- We have delivered sustained organic growth since IPO in December 2018 across both segments of the platform market, with c.250k new customers since IPO, all choosing or being advised to join

■ Key investment highlights



The seven pillars of AJ Bell's investment case

Key investment highlight	Description
Our market	A growing market within the UK retail savings and investment industry
Our proposition	An award-winning platform operating in both advised and D2C market segments, with in-house investment solutions
Our customers	A growing base of loyal, high quality customers
Our business model	A profitable and scalable platform with long-term margin expansion opportunities
Quality of earnings	Largely recurring revenue, from a diversified mix of revenue streams
Cash generation	A highly cash generative and capital light model which supports a progressive dividend
Our people	An entrepreneurial management team and a highly engaged workforce

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Michael Summersgill, Chief Executive Officer

- Our investment case is presented in a very similar way to when we came to market in 2018, evidencing delivery and continuity
- We have proven all the key pillars to be true since IPO – still as relevant today as they were 4 years ago

Our people

A highly engaged workforce

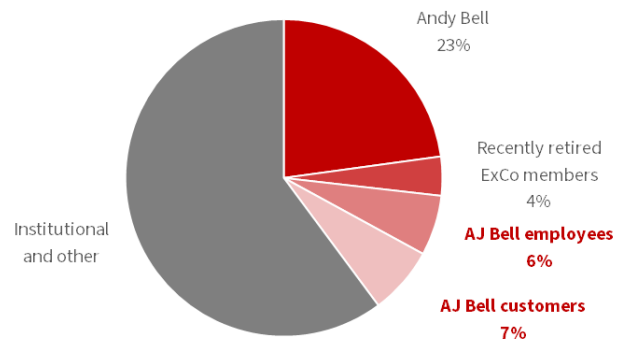
A top 100 company to work for since 2018...



... with a culture of employee share ownership

Figure 3

AJ Bell shareholders



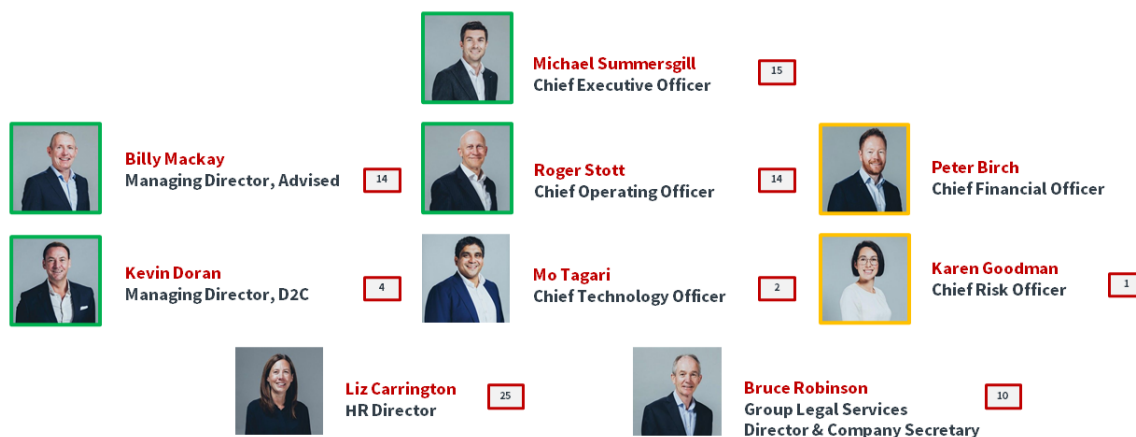
Michael Summersgill, Chief Executive Officer

- Best Companies ranking is important, however the process is equally as important – it has provided the framework for our HR strategy which has been very successful for many years
- One key aspect of our staff engagement and our culture is employee share ownership, which is shown in the slide
- One of the first things I have done as CEO is to introduce new share scheme whereby £2k of shares will awarded annually to all employees below a certain salary threshold. These shares must be held for 3 years, so there is a retention element as well as a staff engagement

Our people

An entrepreneurial management team

CEO's Executive Committee

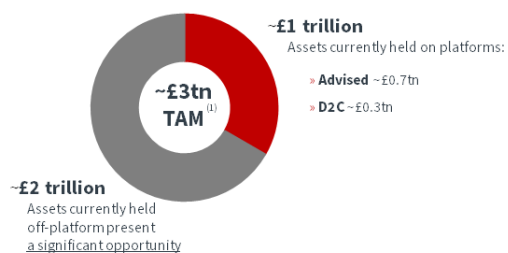


Michael Summersgill, Chief Executive Officer

- Succession has been well planned and carefully executed – recent changes have been a long time in the making
- We've got new names in key roles, but this is still very much an AJ Bell team
- There has been a good blend of internal and external hires. We have a great team but also see the value in bringing in great talent from outside the business where appropriate
- Our ExCo includes many people who have played central role in getting AJ Bell to where it is today, with average length of service at AJ Bell of nearly 10 years

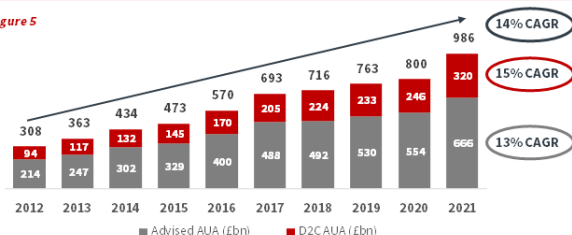
An addressable market worth £3 trillion

Figure 4



A growing UK platform market⁽²⁾

Figure 5



Our net inflows are amongst the highest in the market

Figure 6

AJ Bell platform net inflows

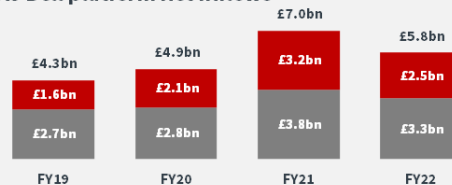
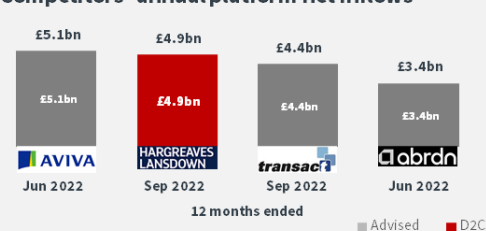


Figure 7

Competitors' annual platform net inflows⁽³⁾



(1) Source: Liberum
(2) Source: Platform
(3) Source: Company financial reports and market announcements

Michael Summersgill, Chief Executive Officer

- £2 trillion of assets held off-platform. Whilst there is an inflationary environment and cost of living squeeze, net inflows are not solely dependent on customer contributions, lots of opportunity to consolidate money already in the financial system
- Sustained growth of both advised and D2C over many years – both are attractive markets and we are committed to both
- Our platform delivered nearly £6 billion of net inflows to our platform in FY22, ahead of many of our competitors, evidencing the strength of our dual-channel model which maximises our opportunity to win customers and assets. We are not saying we are number one (consolidated UK flows for Fidelity and Abrdn for this period might be higher), but we are certainly right up there

■ Our market

Current themes in the UK investment platform market

Changing customer expectations

- » Younger customers / inter-generational wealth transfer
- » App first
- » “Do it for me”, e.g. pension finding and consolidation

Advice/guidance boundary

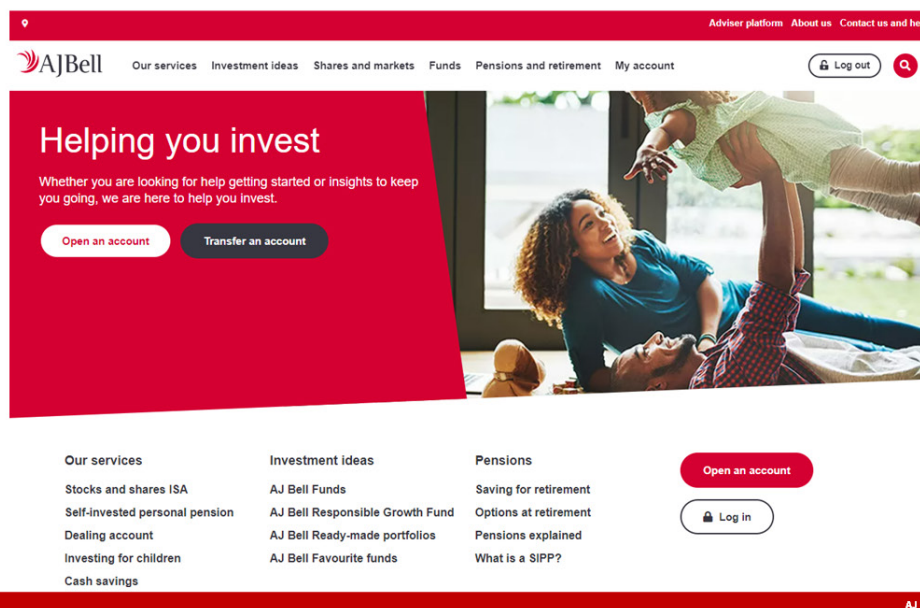
- » Advised platforms can improve efficiency
- » D2C platforms can offer customers more help
- » FCA – simplified advice and guidance review

Michael Summersgill, Chief Executive Officer

- We have observed changing customer expectations in recent years, particularly in the D2C market but also within the advised market too
- Developments to our platform have been increasingly focused on meeting these changing needs, such as investment solutions and content
- We are now beta testing a pension finding service in the D2C market
- FCA review of advice/guidance boundary could present opportunities to provide solutions that meet the needs of customers who fall into the gap between full advice and pure execution-only. Whilst there is lots of dialogue, changes to rules will take time

■ Our proposition

Leveraging the AJ Bell brand



Michael Summersgill, Chief Executive Officer

- In the coming weeks we will be retiring the Youinvest sub-brand and our full-service D2C proposition will become AJ Bell
- In the past we have complicated our brand architecture by externalising our internal structure, resulting in D2C customers landing on our corporate website and having to redirect to Youinvest. Streamlining the brand will improve D2C customer journey and increase the effectiveness of our marketing spend
- We have arguably underinvested on brand – we have strong brand affinity but low brand awareness, meaning we have not had full value for the great propositions we offer
- We will be investing more in brand with a long-term focus – we won't measure success just on customers won in the year

■ Our business model

We operate a hybrid technology model to deliver a scalable, secure platform to our customers

Figure 8

Advantages of our hybrid model

- » Proprietary user interfaces:
 - Full control of IP and development roadmap
- » Back-office systems licensed from 3rd party software providers:
 - Lower cost of regulatory change
 - Outsourced technology upgrades



Michael Summersgill, Chief Executive Officer

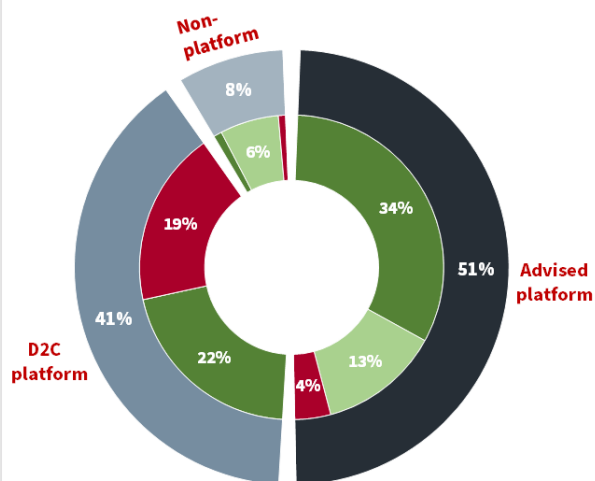
- We operate a single, hybrid technology model that sits behind our single operating model to deliver our propositions in both the advised and D2C market
- We moved to this model from a proprietary model, and it has served us very well – we are committed to this model
- All technology costs are included within our guidance

Quality of earnings

Largely recurring revenue, from a diversified mix of revenue streams

Figure 9

HY22 revenue analysis



	Revenue streams	Drivers
Recurring ad valorem (57%)	Custody charges	AUA
	Net interest income	Cash balances & interest rates
	Investment management fees	AUM
Recurring fixed (19%)	Pension administration fees	Schemes administered
Transactional (24%)	Dealing charges	Number of trades
	FX commission	Value of overseas trades

Michael Summersgill, Chief Executive Officer

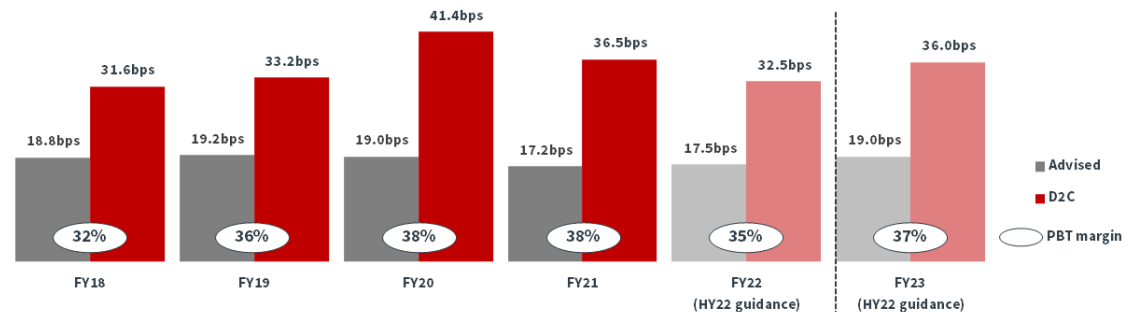
- The strength of the mix of revenue streams has shown through in recent years, particularly during the pandemic when the impact of falling interest rates was offset by increased customer dealing activity and increased asset values
- We are now seeing the opposite, and our revenue model provides resilience during difficult market conditions

Quality of earnings

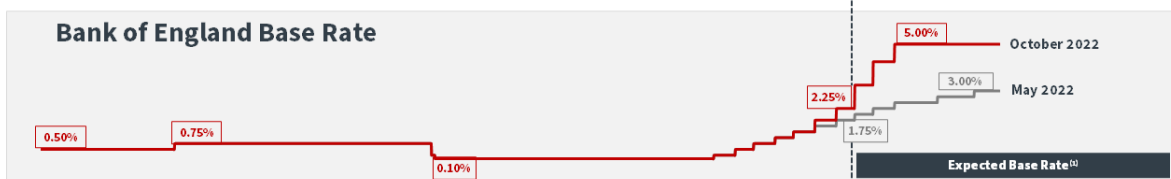
Revenue margin recovery following recent interest rate rises

Figure 10

Platform revenue margins and PBT margins



Bank of England Base Rate



(1) Source: Capital Economics

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Michael Summersgill, Chief Executive Officer

- Since we provided our revenue margin guidance alongside HY22 results, interest rate expectations have gone beyond where they were in May
- This provides some potential upside to revenue margins and profit, but not a significant uplift as we expect the vast majority of the benefit from future rate rises to go back to customers

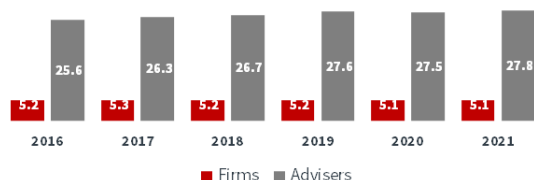
Spotlight on Advised

Billy Mackay

The UK adviser market

Figure 12

Financial advice firms and staff advising on retail investment products (000s)



- » UK adviser market continues to be in good health, with the total number of individuals advising on retail investment products up 9% since 2016
- » Consolidation has been a feature in the market but largely offset by establishment of new firms

What is addressable for AJ Bell?

Figure 13

Number of financial advice firms advising on investments⁽¹⁾

	2021	2020	2019	2018	2017	2016	YOY change
1 adviser	2,423	2,429	2,448	2,466	2,466	2,427	< 1%
2 to 5 advisers	2,116	2,152	2,207	2,210	2,238	2,235	(2%)
6 to 50 advisers	532	508	536	528	539	518	5%
Over 50 advisers	47	48	45	42	38	38	(2%)
Total	5,118	5,137	5,236	5,246	5,281	5,218	< 1%

AJ Bell supporting advisers

- » Sweet spot is 1 to 5 categories of mostly owner-managed regional firms
- » Well diversified user base, i.e. no concentration risk

(1) Source: FCA's 2021 retail intermediary market data

Billy Mackay, Managing Director (Advised)

- Despite continual speculation that advised market will slowly decline, it remains in good health with adviser numbers continuing to tick up
- Consolidation activity often seen as a key risk, but it presents opportunities – new firms tend to spin out from these deals, with those individuals having been a previous user of Investcentre which puts us in a good position to win their business

■ The advised platform market – platforms

The evolution of the market in the past 5 years

September 2017

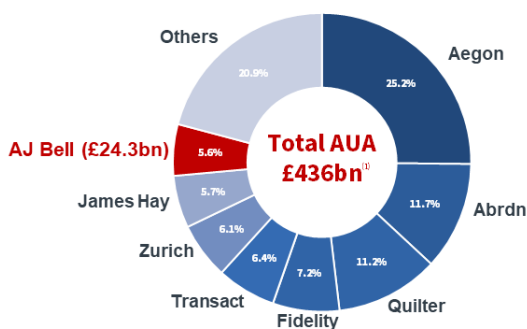


Figure 14

March 2022

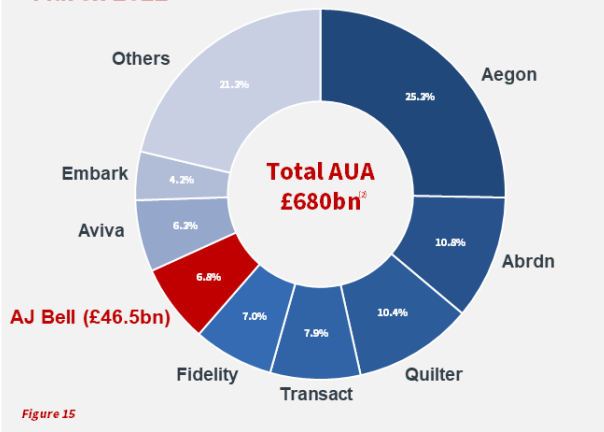


Figure 15

(1) Source: Platform UK Adviser Platform Guide, Issue 33, March 2018 (Note: AUA adjusted to exclude non-advised AUA reported by Fidelity)

(2) Source: Platform UK Adviser Platforms Spring Update, Issue 30, May 2022

Billy Mackay, Managing Director (Advised)

- We have grown market share organically whilst the overall market has also grown strongly
- A lot of the money flowing into the market is accumulated wealth, so the money is already invested – the key decision is whether the assets can be invested more effectively or whether the platform solution can be established in a different way
- Consumer Duty will be an important factor moving forwards as platforms will need to evidence that customers are receiving fair value – we are very well positioned given the range of services we offer and competitive pricing

Financial advisers – their needs

Adviser platform must-have features

When conducting due diligence or selecting a platform, what are the most important factors you or your firm consider?

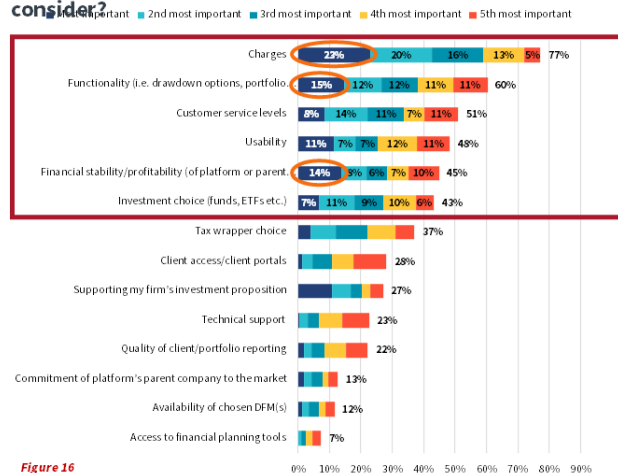


Figure 16

What would cause you to transfer assets/a client away from a particular platform?

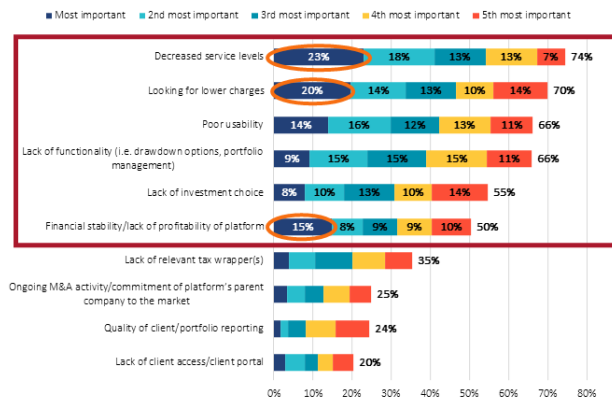


Figure 17

Top 3 'most important' factors

(1) Source: Platform UK Adviser Platforms Platform Selection, August 2022

Billy Mackay, Managing Director (Advised)

- These are the key factors for winning new business and retaining existing business
- Price is the most important factor when choosing a platform, however service is the main reason that IFAs move platforms – we are strong on both price and service, drives strong new business and retention
- Financial stability of platform more important than ever – M&A activity in the market has caused disruption/service issues. AJ Bell's ownership and focus on the platform market is a differentiator

■ Our flagship advised proposition



How AJ Bell Investcentre meets the needs of advisers and their clients



- » Part of AJ Bell plc, a financially strong FTSE 250 company, which instils confidence in IFAs
- » Offering pensions (SIPP & RIA); ISAs (including LISAs & JISAs); GIAs; offshore bonds
- » Key strategic levers are service, functionality and price

Award-winning service

- » Benefits from AJ Bell's scalable, single operating model
- » Dedicated customer contact team for advisers
- » Winner of three awards at Money Marketing Awards 2022:
 - Provider of the Year
 - Best Platform
 - Best Retirement Provider

Broad functionality

- » Open architecture investment choice
- » Advisory and discretionary
- » Accumulation and decumulation
- » AJ Bell investment solutions alongside third-party MPS options

Competitive charges

- » Competitive across the piste
- » Tiering down from 0.20% platform custody + transactional costs
- » Retirement Investment Account 0.25% all-in charge
- » Total advised revenue margin <0.20%

We are striving to be the 'easiest platform to use'

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Billy Mackay, Managing Director (Advised)

- Our reputation, built over many years, for offering an award-winning service with broad, easy-to-use functionality and highly competitive pricing is the recipe for success for Investcentre
- We have long-term, sticky relationships with Investcentre, and we continue to invest in the proposition to further improve the offering for advisers and their clients

Introducing Touch by AJ Bell

Touch is a digital custody platform that lets IFAs deliver a streamlined advice service entirely through their client's smartphone



TOUCH

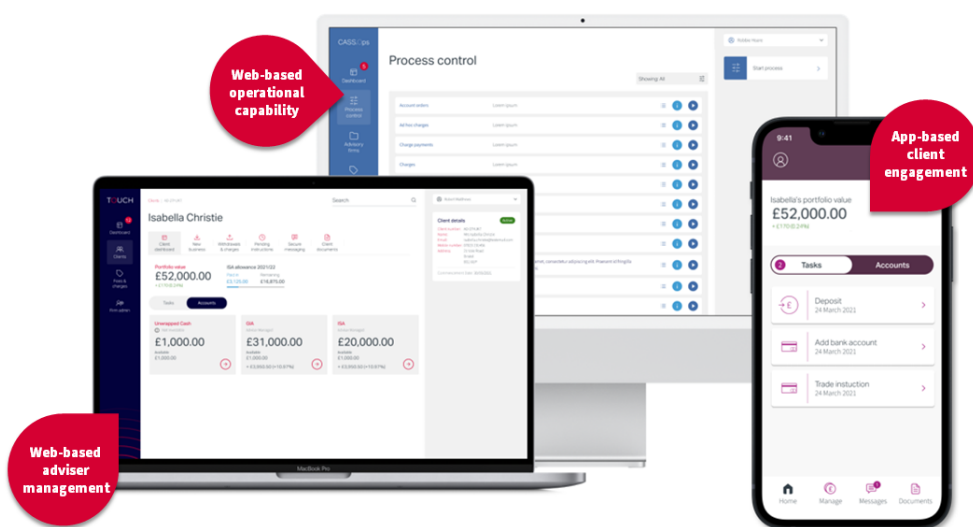
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Billy Mackay, Managing Director (Advised)

- Touch is our new proposition being developed for the adviser market
- Designed to cater for the part of the market which is currently underserved – sub-£150k portfolios
- 92% of the UK population now have a smartphone – existing apps in the advised market, including on Investcentre, only display portfolio information, underutilising the technology
- Touch will leverage smartphone technology to deliver far more of the overall advised process, making it far more efficient

Introducing Touch

A vertically integrated, simplified advised platform proposition



Billy Mackay, Managing Director (Advised)

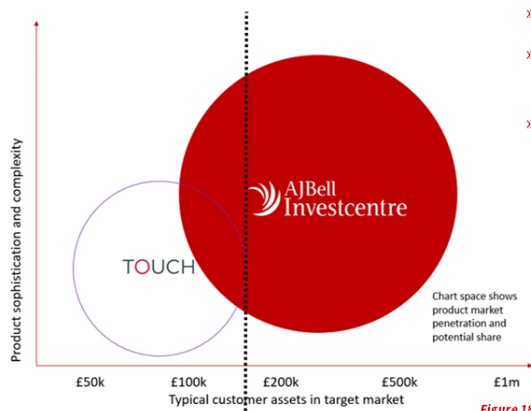
- The key differentiator of Touch is the seamless interaction between the adviser, platform and client, who interacts with their adviser directly through the app
- Touch makes all the various touchpoints in the advised process far easier and more streamlined
- No other platform is doing this

■ Our advised platform footprint

The addition of Touch broadens our reach in the advised market

Entry point segment

- » Not the typical target market for advisers
- » Advisers will demand a simpler, more efficient product to serve this segment
- » Still an important part of the market – providing pipeline and intergenerational solutions



Core advised market

- » Primary market for advisers
- » Typical sweet spot for platform, MPS and advisory models
- » Majority of advice firms are active in this segment and expect growth to come from this section of the market

Figure 18

Billy Mackay, Managing Director (Advised)

- Touch increases our footprint in the advised market
- Initially targeted at lower value customers but no reason why the technology won't gain traction over time in the parts of the market already served by Investcentre

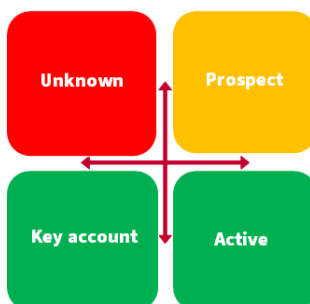
Our business development model

AJ Bell's approach

- » 7 regional teams covering the UK
- » Regional Business Development Managers with central support
- » Business development focus on owner-managed firms
 - No reliance on networks
 - Strong, personal relationships

Adviser firm segmentation

- » Segmented account strategy:
 - Increasing number of supporting firms and advisers
 - Promote platform and AJ Bell investment solutions via a single sales team



Supporting marketing activity

- » Multi-channel adviser engagement:
 - Newsletters
 - Videos
 - Technical updates
 - Investment updates
 - 'On the Road' seminars
 - 'Off the Road' webinars
 - Luminary
 - AJ Bell Connect
 - Investival

Billy Mackay, Managing Director (Advised)

- Our conferences, events and educational materials are highly valued by advisers – builds trust in AJ Bell and presents new business opportunities
- Over the last 10-15 years, we have increased from 5 to 7 regional areas. However, sitting behind that in our sales support function, we have increased from 2 to 52 employees – we spend a lot of time trying to understand firms and who the most appropriate prospects are for us

» **AJ Bell's financial strength enables us to focus on long-term growth**

- We will continue investing in our propositions to deliver better long-term outcomes for advisers and their clients

» **Adding Touch maximises our opportunity to increase market share**

- We are increasing our footprint within the advised platform market, ensuring we can cater for different segments of advised clients

» **Structural growth drivers support continued growth of the market**

- We are well positioned in both the short and long-term, offering award-winning service and easy to use functionality at a compelling price

Billy Mackay, Managing Director (Advised)

- Refer to slide

Spotlight on D2C

Kevin Doran

■ The D2C platform market

The evolution of the market in the past 5 years

September 2017

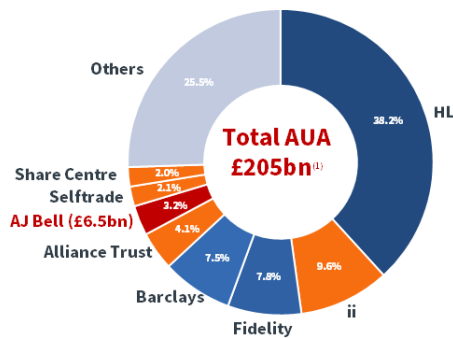


Figure 19

March 2022

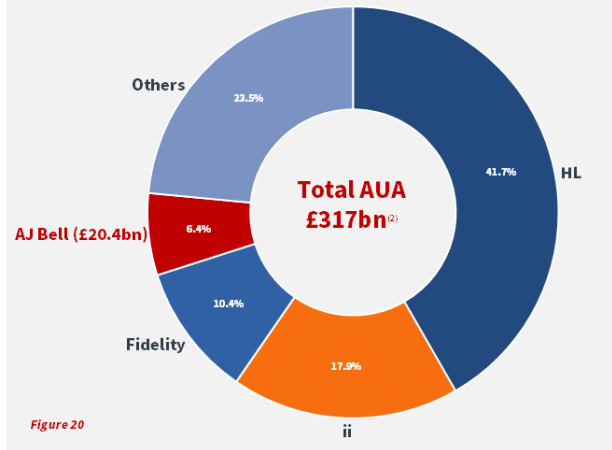


Figure 20

(1) Source: Platform UK D2C, Market Size and Structure, February 2018

(2) Source: Platform UK D2C, Market Update, July 2022

Kevin Doran, Managing Director (D2C)

- Since 2017 we have increased our D2C customers by 4x, AUA by 3x, doubled market share, and this has all been delivered organically
- Market has consolidated in the last five years – we are now a Big 4 provider
- There are some newer entrants included in 'others' – we keep a close eye on the competitive landscape

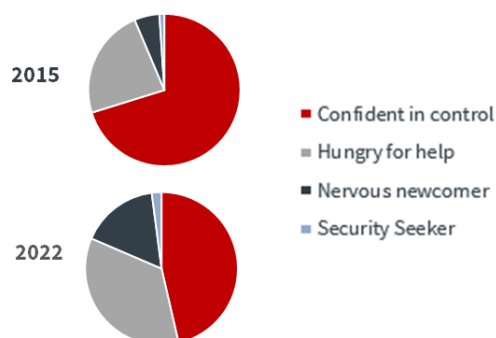
■ D2C platform market overview

Platforms have evolved to meet the needs of a wider range of retail customers

A changing customer profile in the D2C market

Figure 21

AJ Bell D2C customer profile⁽¹⁾



An evolving competitive landscape

- » Market consolidation
- » New entrants / emergence of 'fintechs'
- » Narrower, targeted propositions
- » App-only / app-first
- » Varied pricing models
- » Increased marketing activity
- » UK banks have lost ground

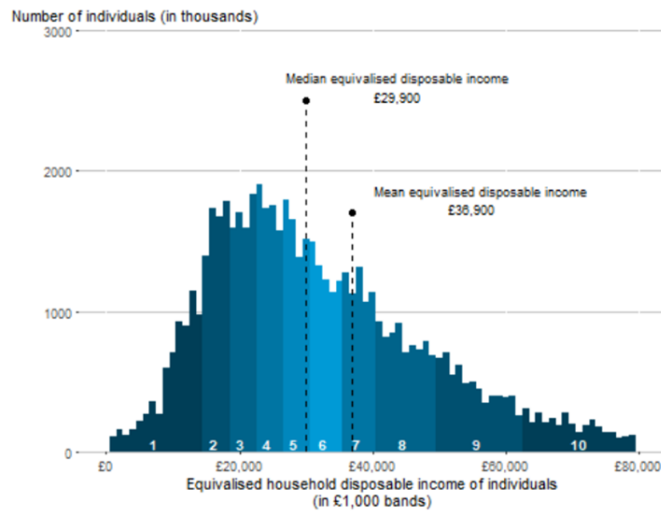
(1) Source: AJ Bell Youinvest 2022 annual customer survey sample of 7,793 customers. Confident in control – confident investors, hungry for help – engaged but inexperienced, nervous newcomers – not confident, Security seeker – prefer cash products

Kevin Doran, Managing Director (D2C)

- Market has changed dramatically in the last 5 years
- We have seen the profile of our customers change – more first timers – and have evolved our platform accordingly (such as more content and offering AJ Bell investment solutions)
- We are in a fast-growing market that has attracted lots of new entrants, including several fintechs – we are curiously obsessed with them to understand how different propositions are addressing the market, where our biggest threats come from and what we can learn

Figure 22

Distribution of UK household disposable income
(financial year ended 2020)



Source: ONS

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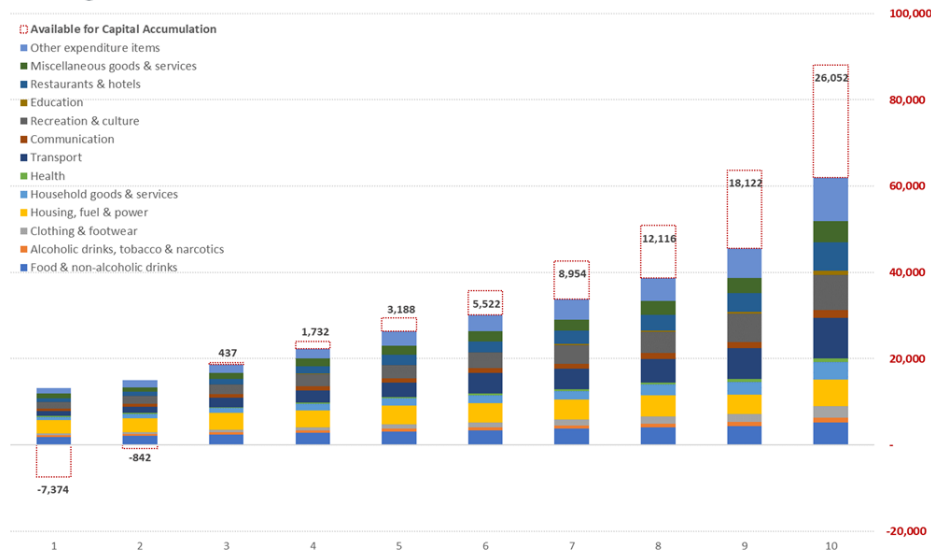
26

Kevin Doran, Managing Director (D2C)

- 55 million adults in the UK across 29 million households
- Capital accumulation is the result of income exceeding expenditure, with wealth accumulation increasing over time

Figure 23

Average annual expenditure by disposable income decile



Source: ONS, AJ Bell analysis

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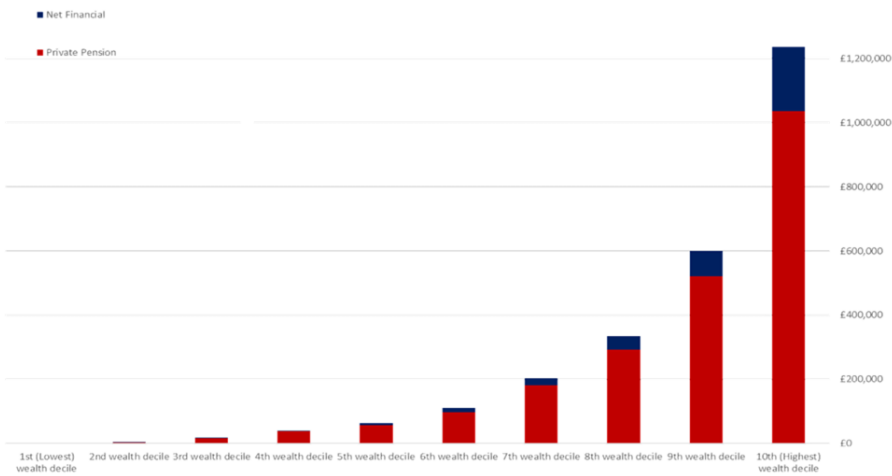
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Kevin Doran, Managing Director (D2C)

- Lower income households massively impacted by cost of living squeeze as a far higher proportion of their income goes on essential expenditure
- Higher income households far less impacted – either displaces discretionary expenditure or ability to accumulate capital, but not their overall ability to invest

Figure 24

Median household financial wealth by wealth decile (including pensions)



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TOUCH

Source: ONS, AJ Bell analysis

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Kevin Doran, Managing Director (D2C)

- No coincidence that the people in the highest income deciles accumulate the most wealth over their lifetime, by investing over the long term
- We will not talk about democratising finance – unfortunately nearly half off the population will never accumulate enough capital to invest in the markets
- Our propositions target the higher income deciles, across both advised and D2C
- The recent addition of Dowl enables us to capture D2C customers earlier in their journey

Dodl
by  **AJBell**



Kevin Doran, Managing Director (D2C)

- Dodl is a simplified D2C proposition which leverages our existing infrastructure with a streamlined investment universe, delivered via a different distribution model
- It allows us to expand our footprint in the D2C market

What is Dodl?

- » A simple, app-only investment platform
- » Wide range of accounts:
 - ISA, LISA, pension and GIA
- » Streamlined investment range:
 - AJ Bell Funds
 - Themed investments
 - 50 UK equities
 - 30 US equities just launched
- » Commission-free dealing and low account charge of 0.15% (min. £1 per month)

Who is it for?

- » Dodl is for anyone looking for a low-cost, easy to use investment app
- » Will appeal particularly to those new to investing who want a simple way to manage their investments



Completely new to investing

Completely new to investing. Wanted to try for a few years now so happy to have a place to start that is easy to use, has clear explanations for complete novices and handy monthly option so that you can save/invest steadily. Looking forward to developing my understanding!

Kevin Doran, Managing Director (D2C)

- You can easily set up a Dodl account, fund and invest easily within a few minutes
- Launched less than six months after being announced
- Dodl is not a trading app, it is targeted at investors
- We are continually looking to add new features – transfers and US shares recently added

■ Dodl by AJ Bell

Newly launched – 30 popular US companies



Alphabet

amazon.com

AMD



BERKSHIRE HATHAWAY INC.



COSTCO
WHOLESALE

CROWDSTRIKE

Disney

Etsy

intel.

JD.COM



Meta

Microsoft

moderna

NETFLIX

NVIDIA

PayPal

PEPSICO



Qualcomm



TESLA

VISA

zoom

3M



Kevin Doran, Managing Director (D2C)

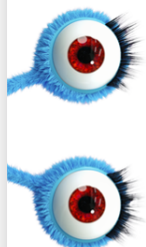
- Refer to slide

■ Our D2C customers



Customers insights across our D2C propositions

Dodl



- » Median age of 38
- » £4k average portfolio
- » 2 trades per customer per month
- » >70% of AUA held in funds
- » 47% of customers hold an AJ Bell fund

AJBell

- » Median age of 43
- » £69k average portfolio
- » 1 trade per customer per month
- » <30% of AUA held in funds
- » 19% of customers hold an AJ Bell fund

Note: All data as at 30 September 2022, except trades per customer which relates to the year ended 30 September 2022

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Kevin Doran, Managing Director (D2C)

- Dodl has enabled us to attract a different type of customer – younger, investing more in funds and a high propensity to buy AJ Bell funds

Our flagship D2C proposition

One of the fastest-growing D2C platforms in the UK

Key features of AJ Bell

- » Full product suite – SIPP, ISAs, dealing accounts and Cash savings hub
- » Broad investment universe
- » Highly competitive pricing
- » Intuitive customer website and mobile app
- » Excellent customer service
- » Help and investment solutions for customers
- » Newly-launched pension finding tool

We deliver an award-winning service

- » A strong Trustpilot rating:

AJ Bell

Reviews 3,048 • Excellent



- » Recent awards:



Kevin Doran, Managing Director (D2C)

- Our full-service D2C proposition is highly valued by customers, evidenced by the multitude of awards including Which? Recommended Investment Platform for the last 4 years
- It continues to be the main growth engine for our D2C business
- We continue to develop the platform in response to customer feedback and demand – pension finding service currently in beta testing is a great example, allowing people to easily find and consolidate their pensions

■ Our D2C proposition



Our investment solutions are an increasingly important part of AJ Bell's offering



AUM of £2.8 billion, a 10x increase since IPO in 2018

Transparent, low-cost, simple investment solutions

- » Continued momentum across both channels:
 - 4% of advised AUA
 - 5% of D2C AUA
- » Over £1 billion of underlying net inflows in FY22
- » Named UK's Best Overall Medium Firm at the Citywire Investment Performance Awards 2022

Delivering excellent performance

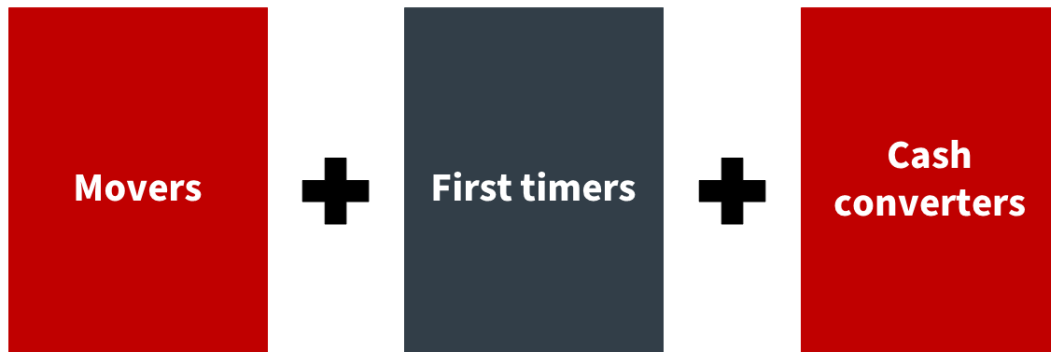
Figure 25

AJ Bell Funds: Investment Association sector quartiles by period
(to 30 September 2022)

Fund	1 year	2 years	3 years	4 years	5 years
Cautious	1st	1st	1st	1st	1st
Moderately cautious	1st	2nd	1st	1st	1st
Balanced	1st	1st	1st	1st	1st
Moderately adventurous	1st	1st	1st	1st	1st
Adventurous	1st	1st	1st	1st	1st
Global growth	1st	1st	1st	n/a	n/a
Responsible growth	2nd	n/a	n/a	n/a	n/a

Kevin Doran, Managing Director (D2C)

- Our investment solutions are a key part of our platform offering across both advised and D2C markets
- Our performance record across 1,3 and 5 years speaks for itself – we are now seeing reverse enquiries, particularly in the advised market



Kevin Doran, Managing Director (D2C)

- Whilst the market is currently tough due to weak markets and pressure on household finances, there are ~9 million D2C accounts in the UK. With industry attrition rates of around 5%, this means there are hundreds of thousands of customers looking for a new platform each year
- Our strong proposition means we are well positioned to capture lots of these movers, increasing our market share
- Around 500k people graduate from university each year. A significant proportion of these will start their investing journey in their 20s – Dodl ensures we can capture more of these first-time investors
- 8.6 million people persistently hold more than £10k in cash. Even if only 10% of these customers move into the platform market in the next five years, that is nearly 900k new customers that D2C platforms will be competing for – Dodl is a great solution for these customers

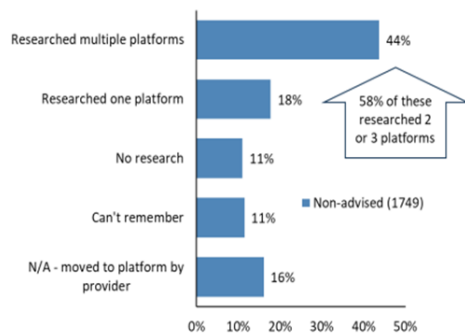
Brand and marketing

The importance of brand awareness

Most people don't research multiple platforms

Figure 26

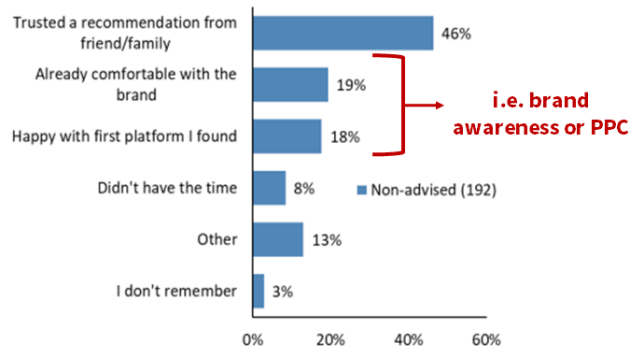
Research undertaken when choosing a platform



Brand and trust play an important part

Figure 27

Reasons research was not undertaken when choosing a platform



Source: NMG Investment Platform Market Study, April 2018

AJ Bell | October 2022

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Kevin Doran, Managing Director (D2C)

- AJ Bell performs very well for customers who research multiple platforms before choosing one, however that represents less than half of the new customers coming into the market
- For most new customers entering the platform market, brand recognition, friend referrals and pay-per-click drive their decision to adopt a platform – our investment in building our brand awareness will ensure we capture more of these customers

■ AJ Bell outlook and opportunities in the D2C platform market



» **An organic growth story in a growing market**

- We are a top 4 platform provider with opportunities to increase our market share

» **Our footprint is wider than ever following the launch of Dodl**

- Opportunity to capture more 'first timers' and 'cash converters'

» **A dynamic environment**

- The market is fast changing – we have a track record of anticipating opportunities and capitalising on them

» **AJ Bell Investments**

- Our expertise and track record provides a significant opportunity to help more customers with our investment solutions

Kevin Doran, Managing Director (D2C)

- Refer to slide

Closing remarks

Michael Summersgill

» **Some short-term headwinds but a significant long-term opportunity**

- Inflation a near term headwind but we are well positioned in a fantastic market that is set to deliver long-term growth

» **We are set up to achieve long-term success**

- Full service and simplified propositions maximise our growth opportunity across both the advised and D2C markets
- Our single operating model provides margin improvement opportunities

» **Our diversified revenue model is a proven strength**

- Resilient across different market conditions with inherent inflation protection
- Supports continued investment to benefit customers, employees and shareholders

Michael Summersgill, Chief Executive Officer

- To sum up, we are in the right market, with the right business model and propositions, and we have the right people to execute our strategy

Glossary

AUA	Assets Under Administration	ISA	Individual Savings Account
AUM	Assets Under Management	JISA	Junior Individual Savings Account
BPS	Basis Points	LISA	Lifetime Individual Savings Account
CAGR	Compound Annual Growth Rate	MPS	Managed Portfolio Service
CEO	Chief Executive Officer	RIA	Retirement Investment Account
D2C	Direct to Consumer	SIPP	Self-invested Personal Pension
ExCo	Executive Committee		
FCA	Financial Conduct Authority		
GIA	General Investment Account		
HY22	Six Months Ended 31 March 2022		
IFA	Independent Financial Advisers		
IPO	AJ Bell plc's Initial Public Offer in December 2018		
IP	Intellectual Property		

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Q&A

1. **Touch – how much time can Touch save the adviser and client throughout the year, in terms of hours spent, and how much more quickly can an adviser take a new client from initial meeting to investing their money compared to AJ Bell Investcentre?**

Billy Mackay: We haven't done the detailed analysis, but we expect it to be significantly quicker. An adviser's initial factfinding process with a new client is time consuming and this won't go away as Touch is not a robo-advice solution, it is a full advice facilitation tool. What Touch can do from that point onwards is make the process far easier to establish the new investment vehicle, to fund it, to pass information through in terms of setting up the portfolios, instructing and making the investment, with the necessary interactions between adviser and client.

Whilst we haven't got detailed analysis, what we have done is to talk to advisers to ask them if this would improve their journey in terms of how they establish and handle the ongoing advice process and interaction with the client. The view is that it is likely make things more efficient as we are taking away processes that typically happen through secure email or in exchanges between the adviser and client - ensuring the technology is doing the heavy lifting instead.

2. **Touch – will Touch utilise open banking to verify data that the adviser would otherwise need to obtain (e.g. client's income)?**

Billy Mackay: Touch doesn't currently verify income as there is no reason from a platform perspective for us to hold that information. Touch verifies the individual and facilitates the establishment and management of investments.

3. **Touch – is there anything else like Touch right now for advisers?**

Billy Mackay: No. There is no platform that currently provides technology to do so much of the onboarding and ongoing interaction between the client and adviser. As it evolves, I think advisers will still want to see many of their clients face to face because it is still a human relationship between the client and adviser but that is in their gift to determine the level of interaction necessary. In terms of the initial establishment of the account and investment, the simple way in which a client can confirm they are happy with the proposed investment via Touch, we don't believe that this technology exists today in any other adviser platforms.

4. **Touch – on the issue of functionality creep, are you offering better functionality where the client pays but the adviser benefits? Is this to win share and this is how you get advisers to work with you, or something else?**

Billy Mackay: It is about efficiencies. We have not announced the pricing structure for Touch, but we have a strong track record as a business of passing back efficiency benefits to customers and if Touch works and we deliver efficiencies, that will be the mindset. Our investments business is a great example where we have passed the benefits back to customers in the form of lowering prices over time as we have delivered efficiencies.

There will be far fewer people involved in the administration than for Investcentre so we will deliver efficiencies over time. The main reason we are doing this is there is a huge demand. When most other platforms talk about creating efficiencies, it is really all around managing an existing portfolio, it doesn't go beyond that in terms of the onboarding experiences which is what we are looking at. If over time it does create efficiencies, it is a great position for us to be in and we

can think about how we pass that benefit back. Naturally it will make it easier to use, offered at a competitive price and with a comprehensive range of investment solutions.

Michael Summersgill: Years ago, advised platforms spent a lot of time developing tools to help advisers run their business. That is not what this is about. It massively improves the efficiency of them managing their client relationships, but it also improves the experience for a customer as well. So we don't see this as making the adviser's life easier whilst the clients pays. This is a massive win for end client too.

5. Touch – could it lower professional indemnity insurance that advisers need, i.e. because there is a better audit trail? This is big inhibitor to fragmentation in the industry which is good for AJ Bell, the more fragmentation the better.

Billy Mackay: We would look through a Consumer Duty lens first and foremost. Advisers need to demonstrate to PI insurers that the product reduces risk. It may help advisers over time but not something we have looked at or can guarantee.

Touch will evolve. The relationship between adviser and client contains a lot of different touchpoints. At the moment we are focused on point-of-sale exercises but over time there are other things we could add that may help advisers on this front such as ongoing suitability. If we can add this to the system and improve the audit trail, it feels like it may be more compelling to PI insurers. It is hard to say for sure though as PI insurance is a complicated market, with lots of factors driving risk. It feels like it must put the adviser in a better position though.

6. Touch – what are the security implications in putting more control in individuals' hands with the technology?

Billy Mackay: You won't be surprised to know that a massive part of the build and testing has been around ensuring security is at the forefront. Security is assessed by our technology and risk teams who look very closely at the risks and controls. A lot of the technology is cutting edge, such as facial recognition technology and identity verification which has been built recently. It is in our interest to ensure it remains at the cutting edge.

7. Touch – does responsibility for the whole advised process remain with the adviser?

Billy Mackay: The adviser is still ultimately responsible for their advice relationship with the client but there are certain aspects where we will take on some of the responsibility. For example, some of the verification will be our responsibility as we are providing the technology to facilitate this.

8. D2C – do you know how much transferrable DC pension wealth your existing AJ Bell customers have and what date will the pension finding service launch?

Kevin Doran: We don't have exact data on transferable wealth from existing customers as that would be a step too far on an annual survey. That said, there are some behavioural markers and financial markers that help us to make an educated guess, although we are not going to share specific numbers. The slides show that there is £1 trillion of assets on platform and £2 trillion addressable off platform so that gives some indication of the size of the opportunity.

We don't have a specific date to share for full launch of the pension finding service but before 2023 tax year end is our ambition.

Michael Summersgill: We have lots of existing D2C customers on the platform who are employed and that is what has driven previous pension consolidation. These customers will still be building pensions with their current employers via auto enrolment and that presents an opportunity for us as they consolidate future pensions onto the platform, which is a typical behaviour we have seen in the past.

9. Brand and marketing – when searching for ‘investment platform’ on Google, AJ Bell is down in 5th or 6th place, excluding sponsored links. Is this something you are looking to address?

Kevin Doran: We acknowledge that we have probably not invested enough when it comes to brand recognition and acquisition, but that is something we are focusing on and would expect to improve things such as PPC.

Michael Summersgill: There are some structural website changes we are making that will improve SEO, in particular the shift to the AJ Bell brand for the main D2C proposition (replacing Youinvest) and that becoming ajbell.co.uk.

Billy Mackay: The marketing team spends a lot of time analysing the most commonly searched terms and we ensure we feature highly on those, such as “low-cost SIPP” or “low-cost ISA”. We perform strongly against those key search terms.

10. Touch – whilst you will increase efficiencies in some areas, will some of those efficiencies be lost with customers having a live view of their portfolio, driving an increase in interactions with their adviser?

Billy Mackay: It is a possibility. However, we launched an app for Investcentre clients 8 years ago which enables clients to see their portfolio. We think it is important for them to have visibility as nobody cares more about the money than the individual themselves. Investcentre clients can see their portfolio through app or desktop today and we haven’t seen a trend of it causing increased inefficiencies. It can drive a conversation with the adviser, but we haven’t had any advisers raising any issues since we launched the app. Thousands of customers log in to Investcentre daily via desktop and app. Generally, it comes down to the quality of advisers we deal with and the quality of their relationship with clients. It’s not to say it couldn’t happen, but we don’t see this as a massive risk for Touch.

11. Touch – target market is less sophisticated, lower value customers. Does that market already exist at scale, are your Investcentre advisers active in that market, or does it require a change from existing advisers and customers?

Billy Mackay: The market does exist. 3 years ago, we launched the Retirement Investment Account. We were finding that lots of advisers have clients in this segment due to inter-generational planning. Quite often, advisers were using insured products in that area of the market rather than placing on-platform. We have found that the RIA competes well in that sub-£100k market, and SIPP competes at higher level, so we have a good grasp of the fact there is a market for Touch.

If we can position the proposition sensibly, we think there is a large untapped opportunity in this part of the market and expect to attract more of the business that has historically been placed in simpler insured products.

12. Dodl – what is the fee model?

Kevin Doran: A 0.15% annual charge with a £1 minimum per month and no trading commissions. We have focused on stripping out a lot of the complexity in the onboarding and investment selection journey, with a simple charging structure.

13. Dodl – what is the journey for a customer to transition from Dodl to AJ Bell?

Kevin Doran: This is entirely in the customer’s hands. It is still very early days since the launch of Dodl so we have not seen the full gestation of customer behaviour in terms of how they will migrate between products yet.

14. Dodl – why did you go with this name and how does Dodl brand tie in with the AJ Bell brand?

Kevin Doran: The product is “Dodl by AJ Bell” and that is how it is marketed. Linking it back to cash converters, the people holding excess cash that the FCA is focused on moving into investing, some of the key reasons why they sit on cash rather than invest are a lack of trust in the industry, the view that it is too expensive, and the fact the investing seems scary. Dodl leverages the AJ Bell brand – we think we have a brand that people trust. On the pricing, we have priced it very competitively, and our strapline is “Investing needn’t be scary” – that is a very specific strapline for a very specific audience.

15. Dodl – given the very attractive fees, does it wash its face or is it about customer acquisition?

Kevin Doran: Dodl is part of our overall D2C strategy of widening our footprint, acquiring more customers and increasing our market share. A lot of tech start-up businesses will churn through a lot of cash; however, we are leveraging AJ Bell’s existing infrastructure so that it not something that we are doing.

Michael Summersgill: Our revenue margin on Dodl is higher than the 0.15% headline charge, as the £1 per month minimum means the effective charge is higher for lower value accounts. If you add in some interest income and a far higher propensity for customers to buy AJ Bell funds which attracts additional revenue, and now FX commission on US stocks, you can see how the overall revenue margin gets back towards the level we have seen in the past on the D2C platform of 30bps or above. Then looking at the servicing model, it is app-only from a technology perspective so a far lower overhead of maintaining the front-end of the proposition, and the customer service model is web chat only. No phone line and staffing requirements so cost of servicing a Dodl customer is lower.

We are developing a product and a brand so not currently generating profit in the short term on a standalone basis, but long-term economics are good given it leverages our existing infrastructure.

16. Dodl – for an average Dodl customer, their percentage platform fee will currently be higher than Youinvest due to the £1 monthly minimum.

Kevin Doran: Our role is not to force customers into specific solutions, but to provide a range of compelling options and the customer can choose what is best for them.

Michael Summersgill: It is still early days for Dodl, we haven’t yet been through a tax year end and transfers have only just been launched, so you would expect the average account values to increase over time and the number of customers paying the £1 per monthly minimum to reduce over time.

17. Dodl – average customer age is relatively similar to Youinvest – are the customers you are winning similar to the newer customers being seen on Youinvest?

Kevin Doran: The median age for Dodl is 38 compared to 43 on AJ Bell. The average new customer on AJ Bell in recent years has been below that average, however that includes junior products which drag the overall average down. Junior products are not available on Dodl, with all customers aged 18 and above, so it is not quite a like-for-like comparison.

18. AJ Bell Investments – performance and AUM growth has been phenomenal. Can you share any longer-term targets?

Kevin Doran: We don’t want to put specific targets on it. However, if you look at the marketplace for providers doing similar activities it wouldn’t be surprising to see 8-10% of total AUA.

To provide some granularity behind our strong performance numbers which are shown in the slides, we will only ever do multi-asset solutions - you won’t see us provide single-strategy

solutions. Across multi-asset world there is around £220 billion of AUM. Our sweet spot is multi-passive, a £52bn market, with Vanguard the market leader in that space with around £32 billion in Vanguard Lifestrategy. Year-to-date, Vanguard Lifestrategy20, their most cautious fund, is down around 18%, whilst our cautious portfolio is down around 5%. Consequently, we are getting reverse enquiries due to the strong performance. On this basis we are very excited about the future for the investments business.

19. AJ Bell Investments – how have you managed to deliver such strong performance in your cautious fund relative to others?

Kevin Doran: We have an experienced team. When we set up the business five years ago, we agreed all things we didn't want to do, for example we agreed we didn't want to sit in meetings debating things like the month in which the Fed would raise interest rates. We agreed we would only make strategic asset allocation calls when there was a clear logic for doing so and it had the potential to move the needle. In five years, we have made four big asset allocation calls and three have boosted returns this year:

1. Sector exposure to energy
2. Short duration bonds
3. Long exposure to USD

On the adviser side, we do lots of educational events. We have been sharing our thoughts on these key calls over the last few years and this has now come to fruition, driving reverse enquiries from advisers.

20. Dodl – do you plan to disclose Dodl customer numbers?

Michael Summersgill: View at present is we have two channels – D2C and Advised. We will continue to report both at a total level. From time-to-time, we may disclose more information. If Dodl starts to massively skew certain metrics or it becomes a significant part of mix, we may look to change this.

21. Dodl – what are the revenue margins in the investments part of business?

Kevin Doran: 0.15% on all investment solutions.

22. Brand and marketing – how do you make marketing budgeting decisions when you can't tell what revenue will be?

Michael Summersgill: In the past, we have judged our marketing performance by business we win in that year. Our revenue margins have remained fairly stable over time, and we have high retention rates, so we know how high customers lifetime values are. Looking at those metrics, you could argue we should spend a lot more on marketing because of the economics.

What we are looking to do now, given long-term growth opportunity, is investing more in brand over several years. We understand that the simple metric of cost per acquired customer in any single year may not look as strong initially, but we believe it will pay back over time and is absolutely the right thing to do. We are setting targets internally to track performance and ensure we are building a valuable brand asset.