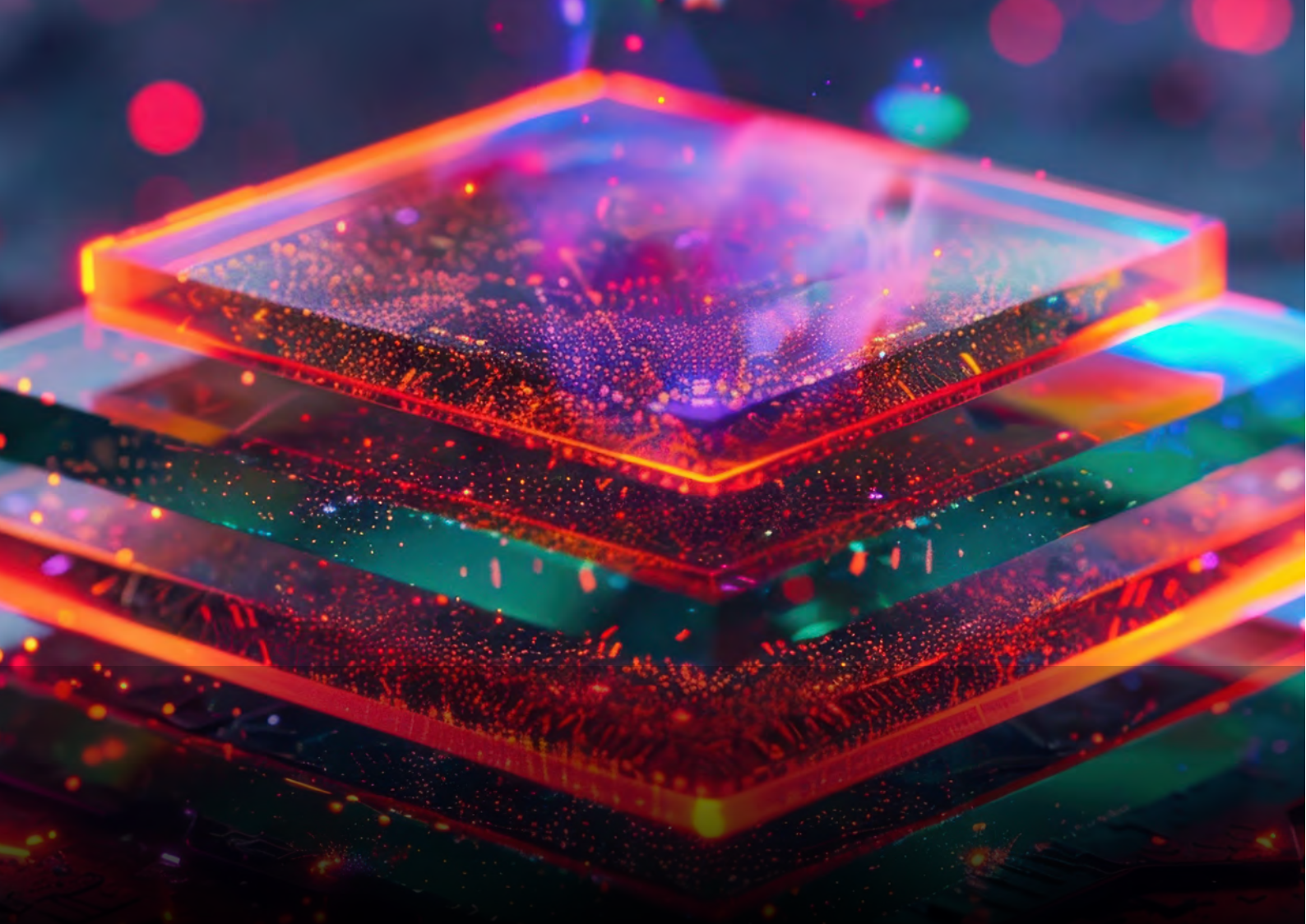


SHARES

NOVEMBER 2025

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Welcome to a new era for *Shares*

The monthly magazine will draw on knowledge and expertise from across AJ Bell

It's my pleasure and privilege to extend a warm welcome to this new-look version of *Shares*. The relaunched digital magazine will be out every month, packed with insights, analysis and educational content.

Readers of *Shares* in its weekly iteration may notice a key difference in that we no longer produce individual stock or fund recommendations. Investing is all about making your own decisions and our aim is to equip you with the knowledge and understanding to do that to the best of your ability and, by doing so, live up to our mission to 'make investing easier'.

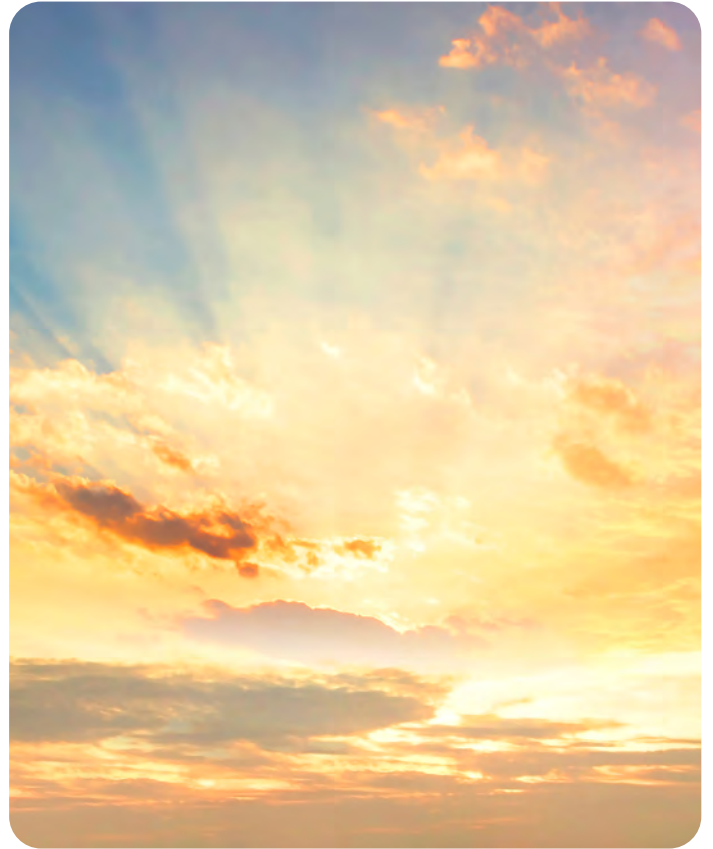
For me that means every article must pass the test of explaining complex concepts in a way in which everyone can understand and adding some value beyond just reporting on what's happened or simply presenting information.

To help us achieve that, we are drawing on the deep pool of expertise which exists across AJ Bell. Director of Personal Finance Laura Suter will be answering money-related questions, Head of Public Policy Rachel Vahey will once again be taking queries on pensions, Investment Director Russ Mould will bring to bear his extensive knowledge of the wider markets and economic backdrop and you will be able to ask Head of Investment Research Paul Angell about all things investments too.

It's important to note that these columns will not offer direct advice to any correspondents but your questions can help elicit broad pointers which will apply to many investors and that's why we're so keen for you to get in touch with us, details on how to do so can be found below.

We'll also be featuring regular contributions from Senior Pensions and Savings Expert Charlene Young on preparing for and managing your affairs in retirement, Head of Markets Dan Coatsworth on income investing and Head of Investment Analysis Laith Khalaf will be doing deep dives on a variety of investment topics.

Both myself and Shares and Markets Writer



Martin Gamble will be producing regular content on the funds, investment trusts and exchange-traded funds space, articles on different sectors and individual companies as well as a look ahead to key updates in the coming month and a quick catch-up on some of the big developments in the month just gone.

We will also have regular educational articles on portfolio construction and management and will look to feature your own experiences of managing your investments in our *My Portfolio* section.

On top of that, we would love to hear from you about what you think about the magazine and areas you would like us to cover in the future.

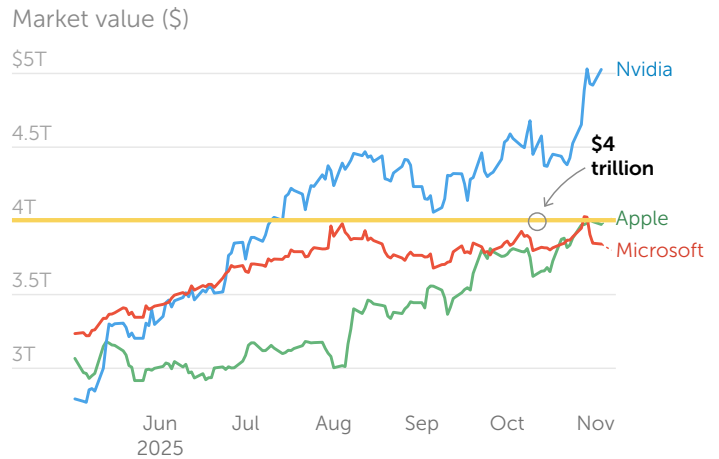
Contacting *Shares*

Whether it's a question for one of our experts, a potential contribution for *My Portfolio*, or general feedback on the magazine, please email sharesmag@ajbell.co.uk



Two new members of the \$4 trillion club

The \$4 trillion club had two new entries at the end of October 2025 as Microsoft and Apple joined Nvidia in reaching the milestone. Apple was the first company to hit a \$1 trillion valuation in August 2018, nearly 500 years after the first formal stock market began trading in Amsterdam in 1602. It took less than seven years for Nvidia to reach a market cap four times that level in July 2025 and just a few short months for two other companies to achieve that distinction. Nvidia itself subsequently hit \$5 trillion as investors show limited sign of diminished enthusiasm for the AI theme.



Source: LSEG



How global stock markets performed over the last month

Index	Price change (%)
Nasdaq Composite	6.0%
FTSE 100	4.7%
S&P 500	4.3%
DAX	-1.0%
Nikkei 225	-2.9%

Source: ShareScope, one month to 11 November 2025

Top performing FTSE 100 stocks over the last month

Stock	Share price change (%)
Airtel Africa	29.7%
Next	15.7%
NatWest	14.2%
Barclays	14.0%
Lloyds Banking	13.1%

Source: ShareScope, one month to 11 November 2025

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with the risks before investing. Past performance does not guarantee future results. The value of your investments can go up or down.

Key dates

Overseas stocks

Nvidia (Q3 AC) 19-Nov

Walmart (Q3 BO) 20-Nov

Deere & Co (Q4 BO) 20-Nov

Dell (Q3 AC) 25-Nov

Best Buy (Q3 BO) 25-Nov

Salesforce (Q3 AC) 02-Dec

Adobe (Q4 BO) 10-Dec

Broadcom (Q3 AC) 11-Dec

Costco (Q1 AC) 11-Dec

UK Stocks

Diploma (FY) 18-Nov

Imperial Brands (FY) 18-Nov

Sage (FY) 19-Nov

Halma (HY) 20-Nov

Compass (FY) 25-Nov

EasyJet (FY) 25-Nov

SSP (FY) 03-Dec

Berkeley (HY) 10-Dec

Economic announcements

Eurozone core CPI 14-Nov

Eurozone GDP 14-Nov

UK CPI/RPI 19-Nov

UK Budget 26-Nov

US non-farm payrolls 05-Dec

US interest rates 10-Dec

Q=Quarter, HY= Half year, FY=Full year, TU= Trading update, BO= Before market open, AC= After market close

What to expect from Berkeley amid London housing push

The developer reaffirmed its full-year guidance in September

Investors will hope for few surprises when [Berkeley Group](#) reveals first half results on 10 December given the UK housebuilder reaffirmed full-year profit guidance as recently as 5 September.

Berkeley expects to deliver £450 million of pre-tax profit for the year to 30 April 2026 after reporting stable trading in the current year to date.

Pre-tax profit is anticipated to be broadly evenly split between the two halves which implies £225 million pre-tax profit for the half to 31 August, representing an 18% decline from the £275 million reported in the first half of 2024.

The shares fell 8% on 20 June after the company lowered guidance and announced CEO Rob Perrins would succeed Michael Dobson as executive chair in September to lead the next phase of company's growth. Richard Stearn was appointed as the new chief executive.

Berkeley returned £121 million to shareholders in the first four months of the financial year as part of its strategy to distribute at least £2 billion by 2035 via a combination of



share buybacks and dividends.

Investors will be interested to hear CEO Richard Stearn's thoughts on the state of the moribund housing market following the Government's recent 'package for London' initiative which is intended to accelerate the construction of tens of thousands of homes in the capital.

Full-year 2026 and 2027 consensus EPS (earnings per share) forecasts have barely moved over the last nine months. [MG]

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Forecasts are not a reliable indicator of future performance.

Berkeley Group consensus forecasts

	2026	2027
Revenue (£bn)	2.33	2.38
Earnings per share (p)	327	338

Source: Stockopedia, Refinitiv. Fiscal year end: April



The pros and cons of income-focused ETFs

Understanding how to use trackers to get a regular stream of cash

While global equity tracker funds such as ETFs are firm favourites among everyday investors due to their simplicity and low costs, passive income products are less common in the average portfolio. That might change as more investors discover the options available.

Historically, investors gravitated towards actively managed funds in the search for income. For example, [Artemis Income](#) is the biggest fund by assets in the IA UK Equity Income sector at £5.2 billion, according to FE Analytics. It has outperformed the FTSE All-Share over the past one, three, five and 10 years, the kind of record that helps to draw in investors.

Not all active funds have been that successful. There are UK equity income funds that have struggled to consistently beat the market, leaving investors frustrated. The same applies to other sectors.

More investors are asking what the point is in paying higher fees for outperformance if they are not getting it. That has been a key driver for the growth in passive funds including ETFs that offer broad exposure to stocks and shares, such as global equity funds. Certain people are happy just to follow the market, rather than try and beat it.

The dominos might fall and trigger similar behaviour elsewhere in a portfolio. The breadth of income-focused ETFs might pique someone's interest in this situation, but as is often the case with investing, there is not a one-size-fits-all approach. Passive income choices vary in shape and size, and there are key things to consider with each one.

HOW DIVIDENDS DIFFER BETWEEN COMPANIES

Before we dive into the range of options, it is worth understanding how dividends differ from company to company. It is important to stress that companies do not guarantee dividend payments,



and they are free to cut or cancel them at any time.

Companies typically fund dividends from surplus cash. They look at cash generated from operations and decide what to reinvest back into the business. The rest can help fund debt repayments, acquisitions, share buybacks and dividends, or having something for a rainy day.

Certain companies have ongoing demands on their cash, such as the need to upgrade technology or facilities, which might constrain the amount left for dividends. Others may have less demand for their cash so they pay more in dividends, hence they might fall under the category of high yield.

You could argue the latter type of company has lower growth prospects and so it uses dividends to make its shares more attractive to investors. Life insurance is one sector where there are multiple examples of this.

Faster growing companies such as ones in the technology sector might deliver a greater proportion of returns for investors through growth in the value of their shares rather than in income. For slower growth companies, the reverse is often true.

CORE CATEGORIES OF INCOME ETFs

Aside from charges, the most important things to consider with income ETFs is the way they filter the market. They track specific indices, with certain ETFs focusing purely on yield and others layering on additional factors.

TYPE 1: HIGH YIELD ETFs

Investors curious about the options for income



Dan Coatsworth: Income investing

ETFs might start with funds that track a basket of the most generous dividend payers.

Look for ETFs with terms such as ‘high yield’ or ‘super dividend’ in their name as these will follow indices made up of companies with the biggest dividend yields. These funds either take a global perspective or focus on a specific geography, and you typically find bigger yields in Asia and Europe (including the UK) than the US.

The downside of ETFs that only focus on biggest dividends is that some – but not all – of the names in the underlying portfolio might have optically high yields due to share price weakness. A stock might have declined in value as the market is worried about challenges facing the company or its sector.

As a hypothetical example, Company X trades at 50p per share and pays 2.5p per share in dividends, equating to a 5% yield. If the shares fall to 25p due to market concerns, the yield moves to 10%. If the company goes through a bad patch, it might cut the

dividend, meaning the 10% yield was too good to be true and was a warning sign.

Anyone concerned about this situation might prefer to look at income ETFs that have stricter criteria than just highest yield. While you might not receive as much in dividends, a potentially lower income stream might be a small price to pay in the search of more consistent dividends.

TYPES 2 AND 3: DIVIDEND ARISTOCRATS ETFS AND QUALITY INCOME ETFS

Two types of ETFs that are more demanding of the companies that get a place in their underlying portfolio have ‘dividend aristocrat’ or ‘quality dividend’ / ‘quality income’ in the fund name.

If you are relying on income from investments to pay bills, it is important to consider dividend sustainability. You not only want dividends to be dependable but also grow each year, preferably by more than the rate of inflation

Best performing income-focused ETFs over the past five years

Fund	Code	Charge	Yield	5-year total return
VanEck Morningstar Developed Markets Dividend Leaders UCITS ETF	TDBG	0.38%	3.9%	135%
iShares UK Dividend UCITS ETF	IUKD	0.40%	5.1%	111%
Invesco Euro Stoxx High Dividend Low Volatility UCITS ETF	EUHD	0.30%	5.0%	90%
Fidelity US Quality Income UCITS ETF USD	FUSI	0.25%	1.6%	90%
Fidelity Global Quality Income UCITS ETF GBP	FGQP	0.45%	2.0%	87%
First Trust US Equity Income UCITS ETF	UINC	0.55%	3.0%	87%
Franklin European Quality Dividend UCITS ETF	FLXD	0.25%	3.9%	85%
Fidelity Global Quality Income UCITS ETF USD	FGQD	0.40%	2.0%	82%

Source: AJ Bell, Justetf.com. Data as of 25 October 2025. Refers to ETFs available in UK. Distributing versions only





to preserve your purchasing power. That is where ‘dividend aristocrat’ ETFs come into focus.

This type of ETF tracks indices made up of companies that have raised their dividends for at least 10 years in a row. Certain dividend aristocrat ETFs even demand a history of 25 consecutive years of dividend growth. Such characteristics can indicate a company has durable earnings and a resilient business model.

ETFs that feature the words ‘quality dividends’ or ‘quality income’ will track an index made up of companies that exhibit financial strength through qualities like a balance sheet – meaning they have little or no debt. This narrows the focus on companies potentially well placed to pay a growing stream of dividends, although even the strongest companies can still face occasional setbacks.

TYPE 4: DIVIDEND LEADERS ETFS

Alternatively, there are ETFs with the term ‘dividend leaders’ in their name, indicating they follow an index that screens for companies with a history of being consistent dividend payers and the capacity to sustain their dividends. Sometimes these ETFs will also look for ESG characteristics, namely companies that screen positively for environmental, social, or corporate governance factors.

OTHER TYPES OF INCOME ETFS

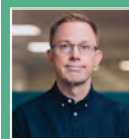
The world of income ETFs spans beyond stocks and shares. Bonds, property, and money market funds are also rich pickings for income.

Bond ETFs have the greatest choice, with funds offering exposure to either corporate bonds, government bonds or a mixture of both. Factors influencing the amount of income you earn from a bond ETF include whether the bonds are higher or lower risk, and the duration of the bonds.

TWO IMPORTANT POINTS ON YIELD AND INCOME PAYMENTS

With any type of income ETF, it is important to note the published yield is not necessarily the exact amount you will receive. The yield is based on the past 12 months’ payout, not what is coming down the line. The published figure gives you an idea of what is possible, but it could end up being higher or lower.

Just remember that if you want to sit back and let the cash roll in, select ‘distributing’ versions of an income ETF rather than ‘accumulating’ ones as the latter automatically reinvest dividends rather than paying them out.



By Dan Coatsworth
Head of Markets

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Examples of income-focused ETFs on AJ Bell’s Favourite Funds list

Fund	Code	Category	Charge	Yield
iShares MSCI Target UK Real Estate ETF	UKRE	Property	0.40%	7.4%
Vanguard USD Emerging Market Government Bond ETF	VEMT	Emerging markets bonds	0.23%	6.1%

Source: AJ Bell. Information correct as of 25 October 2025



Learn about GSK spin-off Haleon's big growth strategy

After a difficult start the company appears to be finding its feet



Anybody invested in UK pharmaceutical giant [GSK](#) three years ago will have received shares in corporate spin-off Haleon when it was demerged. Assuming they still hold them; what has the company done to persuade them of its credentials as a standalone investment?

The consumer health business got off to an uncertain start on the stock market, lumbered with legacy issues around litigation and hefty borrowings. This is reflected in the performance of the shares, which gained around 16% since listing on the market compared with a 23% advance in the FTSE 100 index. However, it now seems to be finding its feet.

[Haleon](#) reported better than expected third-quarter organic revenue growth of 3.4% on 30 October to £2.8 billion and reiterated full-year guidance for high single-digit growth in organic operating profit.

The company's largest division, oral health, achieved 7% organic revenue growth driven by high demand for Sensodyne and Parodontax with the former growing by high single-digits in percentage terms and gaining market share in the US and India.

Group revenue growth was evenly split between price which increased by 1.8% and volume/mix which was up 1.6%. Emerging markets generated 7% growth with India up double-digits and China up by a mid-single digit percentage.

Haleon



Source: LSEG



HALEON

Key stats

Share price: 357.9p

Market cap: £32.5 billion

12-month forecast rolling PE: 18

12-month forecast rolling

dividend yield: 2.8%

Source: Stockopedia

Haleon sales by division

Category	Sales 2024 (£bn)	Market position
Oral Health	3.3	1*
Pain Relief	2.6	1
Respiratory Health	2.1	2
Vitamins, Minerals and Supplements	1.7	1
Digestive Health	1.0	1
Therapeutic Skin Health	0.5	3

*Refers to Therapeutic Oral Health which comprises circa 90% of Oral Health revenues

Source: Haleon

Haleon has returned approximately £1.1 billion to shareholders in 2025, made up of around circa £500 million in share buybacks and £600 million in dividends.

WHAT DOES HALEON DO?

Haleon's origins date back to 1715 when The Plough Court Pharmacy was opened in London by Silvanus Bevan. It sold directly to consumers as well as making up prescriptions for doctors.

The name Haleon was inspired by merging the words 'Hale' which is an old English word which means in good health and 'Leon', which is

associated with strength.

Today Haleon has nine large-scale, multinational 'Power Brands' and 23 local growth brands. It operates across 170 markets around the world, and its products are used by more than one billion people.

The company is headed up by CEO Brian McNamara with the respected former Tesco chief executive Dave Lewis serving as chair, though Lewis is leaving at the beginning of 2026 to take over as chief executive at [Diageo](#) and will be replaced by senior independent director Vindi Banga.

Haleon is one of the world's largest providers of specialist oral health products like Sensodyne, Parodontax, Polident and Aquafresh.

It manufactures respiratory products including cold and flu relief Theraflu and pain relief products including Panadol, Voltaren and Advil, not to mention its portfolio of vitamins, minerals and supplements such as Centrum.

WHAT IS HALEON'S STRATEGY?

The global consumer health sector is worth around £200 billion in annual revenues and projected to grow between 4% and 6% a year. It benefits from favourable long-term macro growth trends.

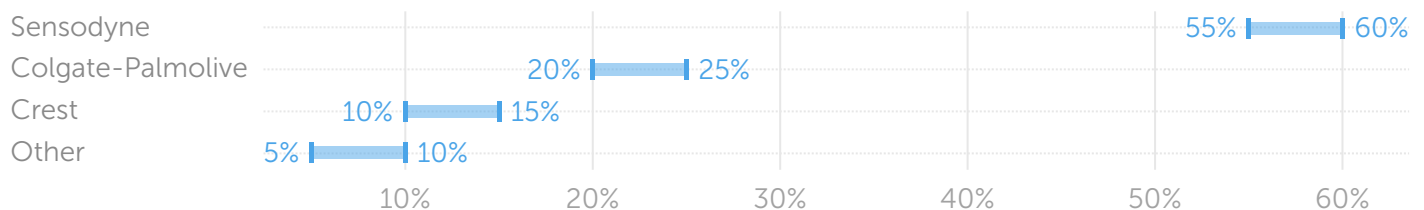
These include an ageing global population and expanding middle class in emerging markets such as India.

Over the next five years more than 90% of population growth will come from developing



Global sensitive toothpaste market share 2024

% share



Source: Euromonitor, Mordor Intelligence

markets according to the United Nations while the World Health Organisation projects a doubling in the number of over-60s by 2050.

These trends put increasing strains on healthcare systems as public budgets are stretched.

At the same time consumers are becoming more educated about their health needs and turning to self-help, preventative solutions to proactively control their health.

There are three legs to Haleon's growth plan starting with closing the incident versus treatment gap. For example, in oral health only a third of people who suffer from tooth sensitivity treat their symptoms.

Haleon believes closing just a tenth of the treatment gap could double the size of its oral health business.

Second, Haleon has a focus on

innovation-led premiumisation through providing meaningful benefits and outcomes for consumers. Lastly, Haleon wants to drive penetration among lower income consumers.

The company believes the business is significantly underrepresented in this lower income cohort.

Management is also looking to step-up the operational effectiveness of its businesses and improve returns on capital – or in plain English how much it makes on the money it invests. It is running behind its peers on this metric.

The company is targeting £800 million of gross productivity savings over the next five years, which is expected to drive a 0.5% to 0.8% improvement in its gross margin. In 2024 the gross margin was 60.7%.

These are expected to be delivered by reducing complexities in legacy supply chains and inefficiencies. This involves reducing the number of packaging variations and formulations, which gives Haleon the ability to use its scale to boost its buying power.

The company believes there are clear opportunities to grow via bolt-on acquisitions in areas which increase its geographical footprint and strengthen the distinctiveness of its product portfolio.

WHAT ARE HALEON'S MEDIUM-TERM FINANCIAL TARGETS?

The company has targeted achieving medium-term organic revenue growth of between 4% and 6% a year and recently upgraded adjusted operating profit guidance to high single-digit growth.

Alongside anticipated improvements in working capital through efficiencies management believes the business will generate 'strong' cash flows, which combined with disciplined capital allocation, will drive 'strong' EPS (earnings per share) growth and 'industry leading' shareholder returns.

Underlying free cash flow is expected to be enhanced by divestment proceeds as the company simplifies the business. Haleon is targeting a net debt to adjusted EBITDA (earnings before interest, tax, depreciation, and amortisation) ratio of under 2.5 times.

Gross margin is the percentage of revenue retained after direct expenses like wages and materials

WHY DID GSK SPIN OFF HALEON AND HOW DID IT WORK?

The demerger from GSK created the world's largest standalone consumer health company on 18 July 2022. Shareholders of GSK received one share in Haleon for every GSK share they held at the time.

For example, if you held 1,000 shares in GSK you now have 1,000 shares in Haleon and 1,000 shares in GSK. On the day of the demerger GSK shares fell to reflect the value of Haleon.

GSK later undertook a share consolidation to return its share price to a comparable level with prior periods. This reduced the total number of shares but increased the value of each individual share.

The demerger was part of a strategic shift which allowed GSK to focus on making drugs and vaccines while Haleon focused on its consumer brands such as Sensodyne and Panadol.

The consumer healthcare business was originally a joint venture between GSK and [Pfizer](#) which merged their respective consumer brands into one business. Ownership was split two thirds to one third in favour of GSK.

Both companies subsequently sold down their residual shareholdings in Haleon.

Dividends are expected to grow at least in line with adjusted earnings and excess capital will be returned to shareholders via share buybacks.

HOW COMPETITIVE IS THE CONSUMER HEALTH MARKET?

The markets which Haleon operates in are very competitive and relatively fragmented with the top five players controlling between a third and 60% combined market share in most categories.

Looking across all categories Haleon holds a 7.2% market share, and the company maintained or increased its share in 71% of product categories in 2024.

Haleon’s biggest market share is in the tooth sensitivity segment where it commands 45% of the market. Its Centrum brand is the world’s largest in the multivitamin market with a 2.8% market share.

Private label operators pose a threat while major rivals such as Oral-B and Crest maker [Procter & Gamble](#), which has a market value of \$350 billion, have deep pockets with which to compete in segments of consumer health.

[Colgate-Palmolive](#) has the second largest share in sensitive toothpaste while Procter & Gamble’s Crest sensitive holds around a tenth of the market.

Based on consensus forecasts, Haleon trades on a 12-month forecast rolling price to earnings ratio of 18 times. This compares with 20.6 times for Procter and 20.1 times for Colgate-Palmolive.

Peer group financials

Company	Return on capital (%) 2024	Operating margin (%) 2024
Haleon	7.7%	19.5%
Kenvue	11.2%	11.9%
Procter & Gamble	22.9%	23.3%
Colgate-Palmolive	38.4%	21.2%

Source: Stockopedia, LSEG



HOW OTHER NAMES HAVE FOLLOWED THE HALEON TEMPLATE

Other large pharmaceutical groups have followed in GSK’s footsteps by either spinning-off their consumer healthcare businesses or selling them to private equity. [Johnson & Johnson](#) spun off [Kenvue](#) in August 2023.

The shares jumped more than 12% on 3 November after personal care products maker Kimberly-Clark announced an agreement to buy Kenvue for \$48.7 billion including debt.

The combined company would bring together brands like Huggies and Kleenex with Kenvue’s Band-Aid and Tylenol. Kimberly-Clark shares dropped around 14% on the news as investors gave a lukewarm reception to the proposed cash and share deal.

Kenvue’s shares had lost more than a third of their value since the demerger with Johnson & Johnson reflecting weakness in the core business which has attracted activist investors.

The company has also been fighting a rear-guard action after the Trump administration made claims that Tylenol used during pregnancy can cause autism in children.

French pharmaceutical company [Sanofi](#) considered spinning-off its consumer healthcare unit Opella before selling a 50% stake to private equity firm Clayton Dublier & Rice for \$10 billion in cash.

German conglomerate [Bayer](#) has also considered spinning-off its consumer healthcare business which owns brands such as Aspirin, Alka-Seltzer and Canesten.



By **Martin Gamble**
Shares and Markets Writer

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Discover the key players behind the AI revolution

Examining valuation, growth, the funds which invest in the space and more

The world changed forever in November 2022 when private company OpenAI released ChatGPT, a generative artificial intelligence chatbot. This 'large language model' is a type of machine learning which can understand and generate natural language and images.

This means LLMs can generate human-like text, write code, create content and solve puzzles, while engaging in nuanced conversations, all through an accessible interface.

One of the unique features of LLMs is the vast computing power required to train the models on large datasets. This energy consumption aspect makes the technology very different from previous advancements.

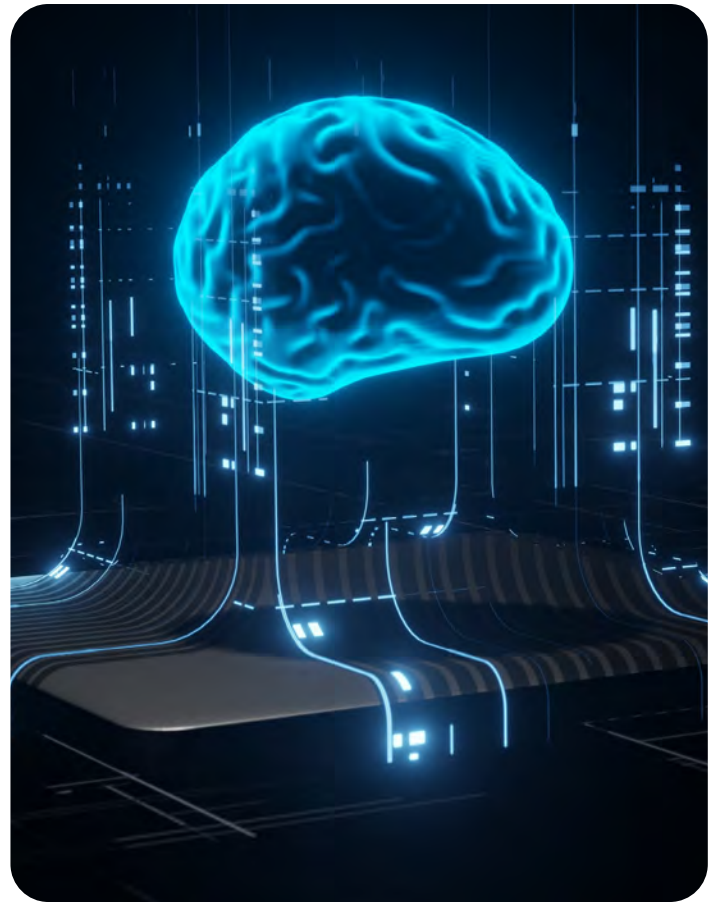
The technology demands for AI training have been more than doubling every year according to analysts, and by 2030 an individual AI training could need four gigawatts of compute power.

Compute power refers to the hardware, processors, memory, storage and energy required to operate data centres. Research by business consultancy McKinsey shows that by 2030, data centres are projected to require \$6.7 trillion in capital expenditures worldwide to keep pace with demand for compute power.

For context, a gigawatt is one billion watts and equivalent to powering hundreds of thousands of homes, or over 100 million modern LED (light emitting diode) bulbs.

The cost of building one gigawatt of datacentre capacity costs between \$50 billion and \$60 billion. Around \$35 billion of that cost is needed fit out a data centre with [Nvidia's](#) latest chips and systems.

Nvidia makes the fastest and most advanced AI GPUs (graphics processing units) which means the company supplies most of the computer chips which are powering the AI revolution.



Nvidia has significantly outperformed a buoyant US market in recent years



Rebased to 100
Source: LSEG



Analysts at Mizuho Securities estimate Nvidia has a market share of between 70% and 95% for advanced AI chips. These attractive investment characteristics and the AI demand tailwind have helped to catapult Nvidia to a market capitalisation of nearly \$5 trillion.

HOW FAST IS AI GROWING AND HOW BIG COULD IT BE?

To give a sense of the growth momentum in ChatGPT, OpenAI's revenue is forecast to have grown eight-fold from 2023 to around \$13 billion at the end of 2025, making it one of the fastest growing companies on record.

That sounds impressive, but when you consider OpenAI has converted less than 5% of its roughly 800 million weekly users into paying subscribers, the ongoing potential could be considerable.

The underlying generative AI market has seen annual revenues grow from \$191 million in 2022 to \$25.6 billion at the end of 2024, driven by customer demand and the entrance of competitor LLMs like [Alphabet's Gemini](#), Anthropic's Claude, Elon Musk-owned xAI's Grok and [Meta Platforms' Llama](#).

How big could the AI market become? Analysis by McKinsey suggests the total potential economic value from AI could reach \$15.7 trillion by 2023, with generative AI contributing up to \$4.4 trillion of that value.

Another perspective comes from Bain & Company, which estimates the total addressable market for AI hardware and software could reach between \$780 billion and \$990 billion by 2027.



WHAT ROLE IS MICROSOFT PLAYING?



[Microsoft](#) has invested more than \$13 billion in OpenAI since 2019 and provides its Azure cloud services to the company.

OpenAI started life as a not-for-profit making company but recently announced plans to split itself into two pieces – a for-profit business to be called OpenAI Group PBC (public benefit company) and a not-for-profit company called OpenAI Foundation.

On 28 October the company announced Microsoft held a 27% stake in OpenAI Group PBC, valued at approximately \$135 billion with the OpenAI Foundation holding a 26% stake. Meanwhile current and former employees held 47%. Prior to the recapitalisation and funding rounds Microsoft held a 32.5% stake in the for-profit business.

OpenAI raised \$40 billion in March 2025, in the largest private funding round in history. The latest deal with Microsoft implies a current valuation for OpenAI of \$500 billion.

As part of the agreement Microsoft said OpenAI had agreed to purchase a further \$250 billion of services from Azure.

Microsoft's exclusive intellectual property rights to OpenAI's models have been extended to the sooner of 2032 or once AGI (artificial general intelligence) is announced and confirmed by an independent expert panel.

AGI is an AI system which rivals or exceeds human intelligence. Key evaluations include creativity, ethical judgement and abstract reasoning.

The agreement also allows OpenAI to develop

some products with third parties, but these will be exclusive to Azure.

In an echo of the dot-com boom of the late 1990s, OpenAI is forecast to 'burn' though \$8 billion of cash in 2025 as the company looks to secure chip capacity and develop further revenue sources.

The company is projected to lose \$14 billion in 2026 with cumulative losses since 2023 expected to reach \$44 billion by 2028. OpenAI has projected annual sales of up to \$100 billion by 2029, driven by increasing AI adoption.

The *Financial Times* recently calculated that OpenAI has committed to take more than 26 gigawatts of computing power from [Oracle](#), [Nvidia](#), [Advanced Micro Devices](#) and [Broadcom](#) at a total rough cost of \$1 trillion over the next decade.

A strategic deal with Nvidia centres on deploying huge amounts of Nvidia's AI chips to run OpenAI's next generation LLM models. To support this buildout, the AI chip maker intends to buy up to \$100 billion of OpenAI's non-voting shares, the proceeds of which will be used to purchase the chips.

Some analysts have questioned the circular nature of the deal which can be viewed as vendor financing. Such models were a feature of the dotcom boom in the late 1990s, but analysts point out a key difference is that today's leading tech companies throw off lots of free cash flow.

While that may be true, the rising cost of AI infrastructure could result in lower free cash flows than investors currently assume, which is why it is noteworthy that debt has been used in some recent deals.

In August Meta secured \$29 billion from a group of private credit investors including Apollo Global, KKR, Brookfield, Carlyle and Pimco for its US-based AI data centre programme.

The complex arrangement keeps debt off Meta's books which means it can continue to fund its AI ambitions. A joint venture will build and own the four million square-foot data centre while Meta will occupy and use the facility under a 20-year lease.

A similarly creative investment vehicle was created by xAI, comprising \$12.5 billion in debt and \$7.5 billion in equity, to fund the purchase of Nvidia chips that will be leased to xAI. Nvidia will contribute up to \$2 billion of the equity tranche in another example of potential vendor financing.



WHAT ABOUT THE ENERGY DEMANDS?

The power-hungry AI revolution has rekindled interest in nuclear power, including new technologies such as SMRs (small modular reactors), which as the name suggests are smaller than traditional nuclear reactors.

Their modular nature means the components can be made in a factory and shipped to a site for assembly, making them faster and more cost-effective than large scale reactors.

In September 2025 Microsoft signed a 20-year deal to secure nuclear power from Constellation Energy which plans to reopen the Three Mile Island nuclear facility in Pennsylvania. The site is known for the worst reactor accident in US history after a partial meltdown in 1979.

Google announced a 'world first' after inking an agreement with Kairos Power to buy energy from the SMRs the company is developing, set to come online in 2030.

Not wanting to be left out, online marketplace



and cloud services provider [Amazon](#) recently signed three deals with nuclear energy suppliers including one with Energy Northwest in Washington, to develop four SMRs.

CEO of Amazon Web Services Matt Garman said: 'One of the fastest ways to address climate change is by transitioning our society to carbon-free energy sources, and nuclear energy is both carbon-free and able to scale – which is why it's an important area of investment for Amazon.'

It is worth pointing out that these deals are for power projects yet to be built using technologies which are unproven commercially.

OpenAI CEO Sam Altman has backed nuclear start-up [Oklo](#), whose shares have risen six-fold so far in 2025, giving the company a market capitalisation of \$22 billion.

According to S&P Global Market Intelligence, Oklo is the largest US company that generated no revenue in 2025. Another zero-revenue firm is Fermi which investors valued at \$19 billion when it came to the market in September.

The company, backed by former energy secretary Rick Perry plans to build out 11 gigawatts of power for data centres, which, for context is roughly equivalent to the capacity of New Mexico.

IS THE AI MARKET A BUBBLE?

A recent Bank of America fund management survey showed a record share of global managers believe AI stocks are in a bubble while Bloomberg reported that the number of news articles mentioning 'tech' and 'bubble' has spiked in recent weeks.

There is an additional worry that the big increase in AI infrastructure spending could be distorting the economy.

For example, analysts estimate US GDP (gross domestic product) growth would be less than 1%, compared with the current 3% reading, if AI infrastructure spending was excluded from the numbers.

The worry is that because growth is heavily concentrated in one sector, it could expose vulnerabilities for the wider economy if the AI boom proved unsustainable.

On the other side of the argument, Ben Rogoff, manager of the [Polar Capital Technology Trust](#), is firmly in the camp that believes the AI story is real and not a bubble.

'We feel that the size of the prize reflects the probably unparalleled opportunity associated with AI,' explained Rogoff to Dan Coatsworth, head of markets at AJ Bell.

However, Rogoff concedes that for the first time in the evolving AI story, the case for some of the leading players deploying AI is less favourable compared with the companies providing the infrastructure.

While there has been clear adoption of AI by consumers as seen by the 800 million weekly users of ChatGPT, evidence that corporations are using the technology has been slower to emerge.

Nevertheless, Rogoff believes it is just a matter of time before companies start to appreciate the significant productivity gains to be had by adopting AI. 'In our view AI will become a widespread, must own, general purpose technology,' said Rogoff.





WHICH ETFS AND TRACKERS PROVIDE EXPOSURE TO AI?

Trying to pick winners and losers from the AI field is a challenging prospect even for professional investors like Ben Rogoff. Therefore, investors interested in the sector may find it more prudent to examine passive trackers of technology-focused indices.

The largest specialist tracker of AI is the [Xtrackers AI & Big Data ETF GBP](#), which has more than £5 billion of assets and an annual charge of 0.35%.

The fund seeks to track the Nasdaq Global

Artificial Intelligence and Big Data index by fully replicating the constituents of the index. Dividends in the ETF are accumulated and reinvested back into the fund.

Top holdings include Alphabet, Nvidia, Apple, Oracle and Amazon, with US stocks comprising 81% of the fund's assets and the top 10 holdings making up 45% of the total fund.

Another relevant ETF is the [iShares Automation & Robotics UCITS ETF](#) which is on the AJ Bell Favourite Funds List. This is a shortlist of funds curated and researched by AJ Bell's in-house investment experts.

The £3 billion fund seeks to replicate the performance of the STOXX Global Automation & Robotics index which tracks a broad spectrum of companies developing technologies in automation and robotics.

The index operates on an adjusted equal weight methodology whereby a cut-off is applied should the weighting concentrate the ETF too heavily towards smaller companies.

This product is well diversified across 170 names and has an annual charge of 0.4%.

Top holdings include chip makers Nvidia, Advanced Micro Devices, Intel, Japanese chip company Advantest, and Swiss electrification and robotics company ABB.

ETFs tracking AI indices

	Size (£bn)	Ongoing charges (%)	5yr annualised return (%)
iShares S&P 500 IT Sector UCITS ETF USD Acc (IITU)	11.3	0.15%	13.7%
Xtrackers Artificial Intelligence & Big Data UCITS ETF Acc (XAIX)	5.3	0.35%	11.4%
Xtrackers MSCI World Information Technology UCITS ETF Acc (XXTW)	4.6	0.25%	9.5%
iShares Automation & Robotics ETF GBP Acc (RBTX)	2.7	0.40%	10.7%
Invesco US Technology Sector UCITS ETF Acc (XLKQ)	1.3	0.14%	15.2%

Data as at 28 October 2025

Source: JustETF, AJ Bell





WHAT ABOUT ACTIVELY MANAGED FUNDS?

Investors can access funds which invest in an actively managed portfolio of AI companies. Investors should expect to pay higher annual fees for actively managed funds.

There are a range of open ended and closed ended funds available and some fund managers offer both versions for the same strategy.

The main difference is that closed ended funds, also called investment trusts, can trade a premium or discount to the value of the assets in the underlying portfolio.

Investment trusts can also borrow money to invest which is not possible for open ended funds. Investment trusts trade like shares while open ended funds are usually priced daily.

The largest investment trust investing in the technology sector is FTSE 100 constituent Polar Capital Technology trust, which has a strong pedigree as a specialist asset manager.

The £5.2 billion trust and £5.6 billion fund are steered by seasoned managers Nick Evans and Ben Rogoff and supported by a team of portfolio managers and analysts.

The managers look to add value by identifying

inflection points in next-generation technologies and fundamental analysis of companies.

The resulting portfolio is well diversified and holds between 60 and 85 names. The fund version of the trust is on the AJ Bell Favourite Funds list.

The fund is relatively expensive with an annual charge of 1.1%, reflecting its specialist nature. The investment trust trades at an 11% discount to net asset value.

The largest actively managed fund investing in the technology sector and related AI companies is the [Allianz Global Artificial Intelligence Fund](#), which has nearly £6 billion of assets under management.

The fund is diversified across 54 holdings with US stocks representing 85% of total assets. Top holdings include chip makers Nvidia and [TSMC](#), [Tesla](#), Broadcom and Microsoft.



By **Martin Gamble**
Shares and Markets Writer

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Past performance does not guarantee future results. The value of your investments can go up or down.

Active funds and trusts investing in AI

	Size (£bn)	Ongoing charges (%)	5yr annualised return (%)
Allianz Global Artificial Intelligence Fund	5.9	1.13%	8.5%
Polar Capital Global Technology Fund	5.6	1.11%	16.2%
Polar Capital Global Technology Trust	5.2	0.78%	16.2%
Allianz Technology Trust	1.9	0.64%	14.7%
Janus Henerson Global Technologies Leaders Fund	1.8	0.88%	16.5%

Data as at 28 October 2025

Source: AJ Bell





Decoding the conflicting investment advice of Warren E. Buffett

Getting to grips with the Sage of Omaha's philosophy as he prepares for his retirement



Warren Buffett stands ready to exit stage left from one of the most glittering careers in business history. Over six decades he has turned Berkshire Hathaway from a struggling textiles business into a trillion-dollar company, now often standing alone among the big technology stocks at the top of the S&P 500.

At the end of this year, Warren Buffett will hand over the reins of Berkshire Hathaway to his successor as CEO, Greg Abel. Buffett will remain as chair so he won't be totally out of the picture, but nonetheless the transition will be substantial as well as symbolic.

WHY BUFFETT NEEDS DECODING

Over his many years of managing money, Buffett has written plenty about investing, mainly through his annual letter to Berkshire shareholders. These missives are a goldmine for stock market historians, and sometimes Buffett's lessons are as clear and as memorable as fables.

Invest for the long term, seek out companies with economic moats, and don't buy crypto

because it's probably 'rat poison squared' are pretty unequivocal. But there are other aspects of Buffett's teachings which might appear inconsistent and require some decoding.

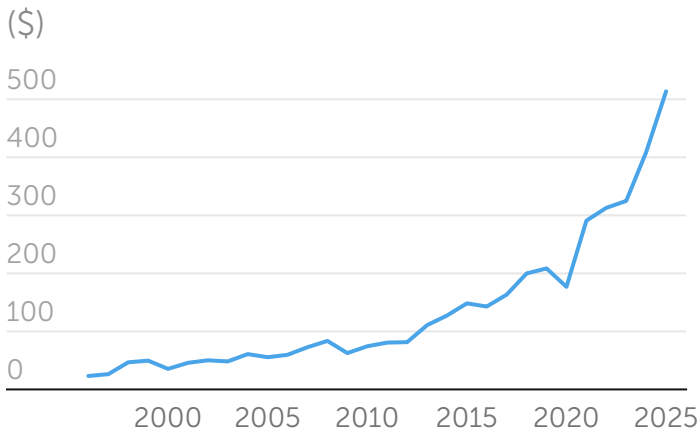
To begin with, there is an enigma at the heart of Buffett's reputation. He is known as the world's greatest value investor, largely because of his early association with Benjamin Graham, the granddaddy of the value investing creed. Buffett described his own early work as cigar-butt investing, looking for down and out companies trading at extremely low valuations, but which had one last puff in them. But early on his career, his style shifted, after buddying up with his long-term partner, Charlie Munger, in the mid-1960s.

IS BUFFETT A GROWTH OR VALUE INVESTOR?

In 1990 he summarised their approach with characteristic acuity: 'It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price.' In 1993 he gave his views on growth versus value investing: 'the two approaches are joined at the hip'. Hardly the sentiments of a die-hard disciple of value investing.



Berkshire Hathaway 'B'



Source: LSEG



Buffett certainly takes valuation into account when investing but would say this is meaningless without some measure of the growth that is expected from a company. It's not very catchy, but we would now categorise this approach as Growth at a Reasonable Price, or GARP for short. Warren Buffett: the world's best GARP investor? It's easy to see why the value label has stuck.

WHY IS BUFFETT A FAN OF PASSIVES?

Perhaps one of the most controversial statements made by Buffett is his repeated insistence that 'large and small investors should stick with low-cost index funds'. This is pretty mind-blowing



Perhaps one of the most controversial statements made by Buffett is large and small investors should stick with low-cost index funds

coming from the most successful active investor of all time, especially one who welcomes thousands of stock market enthusiasts to the Berkshire Hathaway AGM every year, a gathering which has come to be known as 'Woodstock for Capitalists'.

Buffett's endorsement of tracker funds likely stems from his disdain for Wall Street, with its high fees and propensity to create complex financial products that have a great sales pitch. Retail investors have definitely got the memo, with flows into passive funds far outpacing their active competitors in recent years. Weak active fund performance has helped pour fuel on the fire. Our own *Manager versus Machine* report shows that in the last 10 years, just 30% of active funds in major equity sectors have outperformed a passive alternative. But Buffett clearly demonstrates it's possible for an active manager to beat the market. He's living proof of that. And many of today's best known fund managers echo Buffett's investment philosophy. Terry Smith immediately springs to mind.

Everyone will come to their own view about whether active funds are worth the candle. Arguably there are areas like smaller companies, income investing, and managing volatility where active management comes into its own. And DIY investors have the luxury of being able to blend active and passive strategies in one portfolio, so there's no need to dogmatically come down on one side of the fence.





WHAT ARE BUFFETT'S VIEWS ON DIVERSIFICATION?

Buffett's advocacy of tracker funds also sits uncomfortably alongside another of his controversial dictums: 'diversification is protection against ignorance'. This puts him at odds with any investment adviser you might care to meet, and in hot dispute with the adage that diversification is the only free lunch in investing (often attributed to the Nobel laureate economist Harry Markovitz). So, what are we to make of diversification? Is it friend or foe?

There's no doubt that diversification is a good thing for private investors. But for active fund managers like Buffett, over-diversification is likely to mean performing in line with the market before fees, and below a tracker fund after fees. The UK pension landscape was for many years blighted by closet trackers which invested much like an index fund but charged active fees for doing so.

Remarkably there are still a fair few of these funds kicking around. Where Buffett is coming from on this is that active managers should have conviction in their stock picks, and be willing to

back them with big allocations, instead of just pruning around the edges of a portfolio that looks a lot like the market.

WHERE TO FIND OUT MORE

Warren Buffett may be stepping back from the front line of Berkshire Hathaway, but he leaves us with a wealth of opinion and information about markets and investing. And who knows – he may yet add to it. If you're interested in Buffett you can read his annual letters to shareholders dating back to 1977 on the [Berkshire Hathaway website](#), for free. It's a tremendous resource, but if you're willing to shell out a few quid for the highlights you could seek out the Essays of Warren Buffett, edited by Lawrence Cunningham.



For a free condensed version, we recorded an AJ Bell Money & Markets Deep Dive podcast on the subject back in June – it's available in the usual podcast [places](#).



By **Laith Khalaf**
AJ Bell Head of Investment Analysis

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How can I tell if I'm financially 'on track' for my age?

Ask the experts. Laura Suter is on hand to answer your personal finance questions. If you'd like a question considered for a future edition [send it in now](#).

I'm in my late 30s, earning what I'd call a decent salary, but I never really know if I'm doing well enough with my money. I save a bit each month, pay into my pension through work, and try not to overspend, but when I see friends buying houses, having children or talking about their investments, I start wondering if I'm behind. How can I tell if I'm financially on track for my age, and what should I be doing if I'm not?

Karly from Newport



Laura Suter,
AJ Bell Director of Personal Finance, says:

I don't think there is anyone out there who hasn't at some point compared their life, finances and wealth with those around them – whether it's colleagues, friends or family. I know I've certainly

been guilty of this.

So, the first thing to say is that you're far from alone in asking that. I think one of the most common anxieties people have about money isn't about how much they have, but whether they're doing it right. The adage that 'comparison is the thief of joy' is key here – don't see colleagues buying a bigger house, friends posting luxury holiday photos on social media, or family members boasting about paying off their mortgage early and assume they've got it all sorted.

Being 'on track' financially is a slippery concept. It depends entirely on your goals, your circumstances, and what security or freedom means to you. That said, there are some sensible benchmarks that can help you check whether your finances are in good shape. And, just as importantly, where to focus your energy if you think you're falling behind.



Ask Laura: Your questions answered



STEP ONE

Start with the basics

The first thing to do before you even start thinking about investments, pensions or buying a home is to look at the foundations of your finances. That means being able to pay your bills comfortably, avoiding high-interest debt, and having a buffer against life's surprises.

A good rule of thumb is to have three to six months' worth of essential expenses in an easy-access savings account, which is your emergency fund. This safety net is money you can access immediately if you lose your job, face a big repair bill, or must cover an unexpected expense. If you're self-employed or in a volatile industry, you might want to aim for the higher end of that range. Equally if you're confident you could rapidly find work again you might be comfortable at the lower end.

It's not glamorous or as Instagrammable as a fancy holiday, but without this buffer you'll end up using credit cards or dipping into investments when things go wrong, which can have long-lasting effects.

STEP TWO

Tackling debt

If you have any expensive debt, such as credit cards, overdrafts or high-interest personal loans, dealing with that should take priority over investing

or saving for the future. The logic is simple: if your debt is costing you 20% a year in interest, no savings account or investment can reliably beat that return.

Focus on clearing the highest-interest debts first and try to automate repayments on your payday, so they happen before you have the chance to spend the money elsewhere. That said, it's still worth maintaining a small emergency fund alongside debt repayments, otherwise you risk slipping straight back into borrowing when something unexpected crops up. There are different approaches to repaying debt, which you can look up online and I'll try to cover in a future column.

STEP THREE

The 50/30/20 guide

Once your essentials and debts are under control, you can look at your savings and investments. A useful (if rough) framework is the 50/30/20 rule:

- Around 50% of your take-home pay should go on needs (rent, bills, food),
- Around 30% should go on wants (holidays, hobbies, lifestyle),
- Around 20% should go towards financial goals, such as savings, pensions and debt repayments.

Some people on lower salaries who are renting in expensive areas might find this balance tricky, but it's good to aim towards this sort of allocation even if you're not there yet. That 20% isn't a magic number but it gives you a guideline to work around. If you're not near it yet, start smaller and work upwards as your income rises.

If you're just starting out with putting money into a pension many experts suggest aiming for a contribution (including your employer's share and pension tax relief) of roughly half your age as a percentage of your salary. So, if you're 30, around 15%; if you're 40, about 20%. It's a rough guide, not a rule, but it helps you gauge whether your future self is being looked after. But if you've been contributing to your pension for a while you can use a pension calculator to plug in how much is in your pot already, how much you and your



employer are paying in each month, and how long until you plan to retire. To give an idea of what your pension will be you can use AJ Bell's [pension calculator](#).

If you've had multiple jobs (and frankly, haven't we all), it's also worth tracking down any lost pensions. The government's free pension tracing service can help, or you can use AJ Bell's [Find and Combine service](#) to track down lost pots. Consolidating old pensions can make your retirement savings easier to manage and often will be cheaper in terms of fees.



STEP FOUR

Set your big goals

It's a bit of a cliché, but starting to invest without a goal is a bit like driving a car with no plan of where you're going. You need to think about what you're saving for to help determine whether it's best to stick to cash or invest, how much you should put away and how long it will take to achieve it.

Traditionally most people's first goal would be getting on the property ladder. However, for some that's becoming less realistic as property prices have soared and high rental costs make saving for a deposit trickier. If you're saving for a deposit, focus less on comparing your timeline with others and more on setting an achievable target. For example, saving 10% of the property price you're aiming for. Also look at using a Lifetime ISA to boost your deposit savings and make sure you're getting the best interest rate if you've opted for cash.

If you're not in a position to buy yet, that doesn't

mean you're off course. Building savings, keeping debt low and developing a career that gives you long-term stability are all just as valuable. Financial progress isn't always visible and renting while growing your pension or emergency fund can be a sensible choice.



STEP FIVE

Are you moving forward?

Everyone's background, family wealth, earnings and life situation are different, which makes the definition of being on track impossible to determine. Someone might own a house but have no pension or emergency pot, another might have massive savings but live with their parents or have benefitted from inheritance. The key is progress, not perfection.

So instead think about your own situation and whether your financial position is improving year by year. Are your savings growing, your debts shrinking, and your goals for the future more certain? That's what really matters.

If you're able to handle a financial shock without panic, plan for the future with some confidence, and still enjoy your present life, you're doing better than you think – and than many social media posts from your peers would have you believe.

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Retirement planning: reasons to keep calm and carry on



Try and ignore the background noise and focus on what really matters

I'm excited to be a part of the new monthly Shares magazine team. Each month, I'll look at what readers in the run up to retirement, and those already enjoying it should consider, with some planning pointers along the way.

To say the last few years in pensions have seen plenty of changes is an understatement. The lifetime allowance has been abolished after years of tinkering with the maximum limit – although the less said about the rushed legislative process to get there, the better – and we've also seen proposals to bring pensions into people's estate for inheritance tax (IHT).

WHAT SHOULD BE YOUR TOP CONCERN WITH YOUR PENSION?

All this was big news for retirees with large pension pots, and particularly those who were planning to pass them on to future generations free of IHT. But the top concern for most people should still be making sure they have enough saved to fund a comfortable retirement for them, any spouse or partner, and potential long-term care costs.

Tax efficiency and using available allowances to

keep more of the money you withdraw is still a sensible strategy. What I'm trying to say is, if you've already made retirement plans or are living them now, don't panic.

The generous tax treatment of pensions on death was always an easy target. AJ Bell doesn't believe applying IHT to pensions is a good way of achieving the government's intended policy outcome – to encourage people to use their pension in retirement rather than leave it untouched as a way of passing on wealth. We have presented other methods that would raise equivalent amounts of tax revenue for HM Treasury without the complexity and the potential for double taxation for beneficiaries.

Even with the proposed IHT changes, most estates will not have any tax to pay. Married couples and civil partners will usually be able to pass on £1 million free of IHT on their own death. Everyone gets a nil rate band of £325,000 each, that can be transferred between spouses, and up to £175,000 is available for people leaving their property to a direct descendant. This additional 'residence nil rate band' is tapered down for estates over £2 million.



Although ISAs already form part of someone's estate for IHT, spouses and civil partners can also inherit an extra ISA allowance. This means that not only can they inherit ISA assets on first death (free of IHT thanks to the spousal exemption), but the value of the ISA wrapper, too.

HOW SHOULD YOU ORDER THE DRAWING OF MONEY IN RETIREMENT?

The pension proposals initially led to calls for people to switch from drawing on non-pension accounts like ISAs over to pensions right away.

What is best for you will depend on your personal circumstances and goals for your retirement. But instead of choosing one account type over the other, blending withdrawals from pension and non-pension accounts like ISAs and savings will generally make the most of the tax allowances on offer.

When accessing pensions, up to 25% can usually be taken tax-free, subject to an overall lump sum allowance of £268,275. Further withdrawals are then taxed as income at a pension saver's marginal rate, meaning large income payments could tip people into a higher income tax bracket.

It will make sense for most people to take their pension tax-free cash before they reach age 75. Many people already do that and often have a clear plan for all or part of their tax-free lump sum when they retire. Anything that isn't spent would form part of their estate for IHT, the same tax treatment as unused pension pots for deaths after 6 April 2027.

If the tax-free cash was instead kept within the pension and the pension holder died age 75 or over, their beneficiary (or beneficiaries) will pay income tax on what they take out later.

However, some have reacted to budget rumours and decided to withdraw their tax-free cash much earlier than this, perhaps without a plan beyond keeping it in a taxable savings account. This irreversible decision not only brings it into their estate now (before any IHT changes to pensions), but but means the money has been removed from a tax-free wrapper, so any income or gains from what isn't spent will be caught by tax.

Withdrawals from ISAs are completely tax-free, so they might be an effective way to supplement retirement income, after any tax-free cash has

been depleted. But for retirees concerned about IHT, taking pension income could also reduce the future value of their estate, help them spend more on themselves in retirement, and even mean they can help loved ones too, if they were confident of not outliving their retirement savings.



WHAT ACTION CAN YOU TAKE TODAY?

We still don't have the final pensions and IHT rules, but here are three actions you can take now:

1. Review your pension nominations, across all your providers. Your pension is not covered by the wishes in your will, and someone you nominate will usually have the option to move anything they inherit from you into a pension in their own name, rather than just a lump sum option. This could be more tax efficient for them in future.
2. Speaking of wills, please check your will and make sure your wishes are up to date for your wider estate.
3. Finally, consider setting up a power of attorney so someone can manage your financial affairs if you're not able to.



By Charlene Young
Senior Pensions and Savings Expert

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Tax benefits depend on your circumstances and tax rules may change. Any information we provide is to help with your research and isn't financial advice.



Could Abenomics repeat itself under Takaichi?

Ask the experts. Russ Mould is on hand to answer your queries about the financial markets. If you'd like a question considered for a future edition [send it in now](#).

I notice Japanese stocks have been trading at record levels recently. What does the new prime minister Sanae Takaichi mean for the markets and will there be a repeat of Abenomics which I remember being talked about a lot a few years ago?

David



Russ Mould,
AJ Bell Investment Director, says:

Japan's Nikkei 225 stock index is indeed closing down on new all-time highs following the appointment of Sanae Takaichi as leader of the Liberal Democratic Party (LDP) and prime minister and her selection, in turn, of finance minister, Satsuki Katayama.

The top two posts in Japanese politics will be held by women for the first time, but investors seem even more interested in comparisons

Japan's Nikkei 225 is bearing down on new all-time highs



Source: LSEG



between Takaichi and Shinzō Abe, given the similarities in their policy proposals and political preferences. Abe's reform programme, dubbed 'Abenomics,' is widely credited with dragging the Japanese economy out of a 20-year deflationary funk and boosting the Nikkei at the same time, so it is easy to understand why equity investors may be getting excited.

WHAT DID ABENOMICS INVOLVE?

Abe's failed first stab as prime minister in 2006-07 quickly became a distant memory after he swept back into power in December 2012 and immediately announced his so-called 'Three



Arrows, programme, which targeted:

- Huge fiscal stimulus and infrastructure spending programmes
- Huge monetary stimulus, initiated with the relaunch of quantitative easing by the Bank of Japan five months later
- Structural reform across areas such as employment law, agriculture, tax, energy and foreign direct investment

The goal was to get Japan’s economy back on a consistent growth path, after the quarter-century of stagnation that followed the bursting of the 1980s’ debt-fuelled property and equity bubble, and drive inflation toward the Bank of Japan’s 2% target.

Abe largely succeeded, with the result that he became Japan’s longest-serving prime minister, as he added general election victories in 2014 and 2017 to that of 2012. The Nikkei also took flight as it surged from just under 10,000 when Abe took

office to more than 22,000 by the time he stepped down owing to illness in summer 2020.

WILL WE SEE MORE OF THE SAME UNDER THE NEW PM?

Takaichi won control of the LDP and then the role of prime minister, following the resignation of her predecessor Shigeru Ishiba, by calling for more fiscal stimulus, loose monetary policy from the Bank of Japan and the wider restart of Japan’s fleet of nuclear power plants, where only a handful of 54 reactors are operating some 14 years after the accident at Fukushima.

In a further nod to Abe and his programme, the PM is focusing on energy security, as well as national security, since she also wishes to change to Article Nine of the (pacifist) Japanese constitution, whereby Japan can strengthen its military capability. Takaichi is already proposing an increase in defence spending to 2% of GDP.

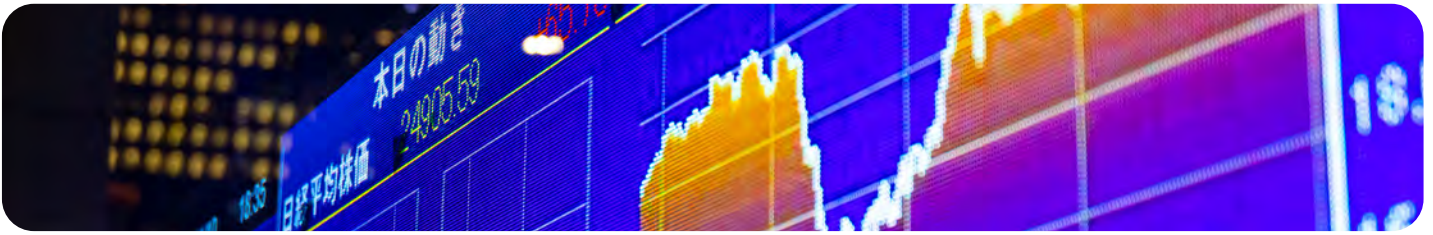
However, there are some key differences between now and the situation that Abe inherited, even if the desired direction of travel is the same.

Abe became Japan’s longest-serving prime minister

Prime minister	Party	Term in office *	Total days in office
Shinzō Abe	Liberal Democratic Party	2006-07, 2012-2020	3,190
Tarō Katsura	Dōshikei	1901-1913	2,883
Eisaku Satō	Liberal Democratic Party	1964-1972	2,797
Hirobumi Itō	Seiyūkai	1885-1901	2,716
Shigeru Yoshida	Liberal Democratic Party	1946-1954	2,614
Junichiro Koizumi	Liberal Democratic Party	2001-2006	1,982
Yasuhiro Nakasone	Liberal Democratic Party	1982-1987	1,805
Hayato Ikeda	Liberal Democratic Party	1960-1964	1,574
Kinmochi Saionji	Seiyūkai	1901-1912	1,421
Nobusuke Kishi	Democratic Party	1957-1960	1,265

*Dates span all periods in office which may not have been consecutive

Source: www.japan.kaneti.go.jp



... and the most successful one for investors in Japanese equities

Prime minister	Party	Term	Days in office	Nikkei 225 performance
Shinzo Abe	LDP	2006-07, 2012-2020	3,190	169.2%
Fumio Kishida	LDP	2021-2024	1,095	35.9%
Yoshiro Mori	LDP	2000	388	27.7%
Shigeru Ishiba	LDP	2024-2025	384	27.3%
Keizo Obuchi	LDP	1998-2000	616	26.3%
Yoshihide Suga	LDP	2020-2021	384	21.2%
Tsutomu Hata	JRP	1994	64	4.7%
Yoshihiko Noda	DPJ	2011-2012	482	-0.5%
Tomiichi Murayama	JSP	1994-1996	561	-1.3%
Morihiro Hosokawa	JNP	1993-1994	263	-3.7%
Naoto Kan	DPJ	2010-2011	452	-6.2%
Yukio Hatoyama	DPJ	2009-2010	266	-7.1%
Taro Aso	LDP	2008-2009	358	-15.2%
Kiichi Miyazawa	LDP	1991-1993	644	-17.9%
Ryutaro Hashimoto	LDP	1996	933	-20.5%
Yasuo Fukuda	LDP	2007-2008	365	-26.3%
Toshiki Kaifu	LDP	1989-1991	819	-28.1%
Junichiro Koizumi	LDP	2001-2006	1,982	-40.4%

*Capital gain, local currency terms. **LDP = Liberal Democratic Party. DPJ = Democratic Party of Japan. JSP = Japan Socialist Party. JRP = Japan

Source: www.japan.kaneti.go.jp



At 2.9% in September, inflation is running above target, not below it. The price of rice is a big cause of this, after a series of poor crops, but it is not the only one and the last print below the Bank of Japan's 2% target dates back to March 2022.

As a result, the Bank of Japan is tightening monetary policy, rather than loosening it, as it did during Abenomics. Governor Kazuo Ueda has sanctioned three interest rate increases since May 2024, to take the Main Policy Rate to 0.5% from minus 0.1%. The Bank of Japan has also started to shrink its balance sheet by reducing its holdings of Japanese government bonds (JGBs), Japanese equity exchange-traded funds (ETFs) and Japanese real estate investment trusts (REITs). Ueda is proceeding slowly, and how successfully Takaichi can push back on even that remains to be seen.

This is particularly the case given the yen is weakening again, to possibly increase imported inflation, and 10- and 30-year JGB yields sit at multi-year, if not all-time, highs, as bond vigilantes stalk Japanese sovereign debt markets as actively they are now policing British, American and European ones.

Takaichi must contend with Donald Trump's tariff policies, which now extend beyond China to include Japan. In theory, Tokyo and Washington have an

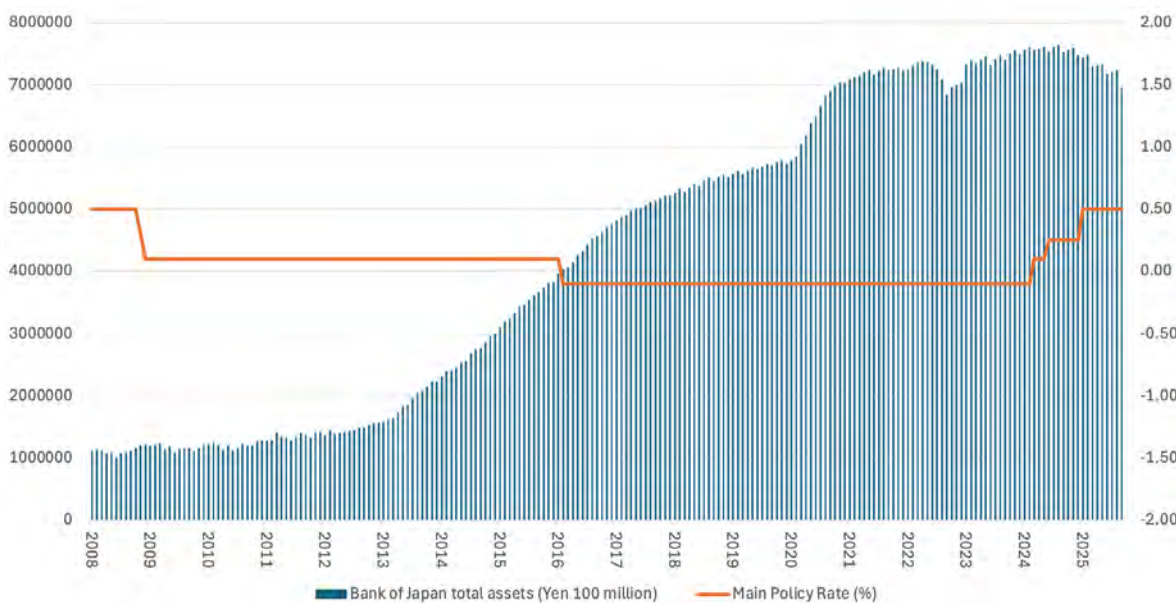
accord here, with Japan promising to invest \$550 billion in the US in return for a flat 15% levy, but the details still seem blurry at best.

WHY THERE IS A BIG DIFFERENCE NOW

There is one final key difference: the Nikkei is now nearly five times higher than when Abe returned to office nearly 13 years ago. Japanese equities are not as cheap as they were. However, the Nikkei still stands on 1.6 times book value, compared to the 2.4 times peak reached in the late 1980s and the early 2000s trough of just 0.8 times, so bulls of the market may argue there is still upside potential, especially given the improvements in Japanese corporate governance, shareholder relations and returns on equity seen over the past decade.

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The Bank of Japan is slowly tightening monetary policy in response to inflation



Source: Bank of Japan, FRED – St. Louis Federal Reserve, LSEG Refinitiv data



Renewable energy trusts may need to change direction: Will investors be on board?



in the renewable energy infrastructure sector has dropped by 9%, despite the net asset value for the sector rising by more than 40%, according to the industry body Association of Investment Companies.

Why the sector could be about to shift the balance between income and growth to win back the market

Since its inception in 2013, the renewable energy sector has wooed investors with attractive income levels powered by wind and solar projects.

And over the past 12 years, renewable energy trusts have generally served their purpose well, with the original group of trusts delivering annual total returns of about 7.3%, with 80% as income, according to Deutsche Numis.

But the second half of that period has not proved to be as fruitful as the first. Swathes of investors have turned away from renewables, which has put the trusts in a sticky position. In the past five years, the average share price for investment trusts

WHAT IS NET ASSET VALUE AND WHY DO TRUSTS TRADE AT DISCOUNTS AND PREMIUMS?

Net asset value or NAV, in the context of investment trusts, is the total value of a trust's assets minus any liabilities. Dividing this total by the number of shares can give you a NAV per share. Unlike an open-ended fund whose price automatically matches the value of the underlying assets, investment trusts' price is dictated by supply and demand. This means their shares can trade at a discount or a premium to the net asset value of the underlying portfolio.

WHAT HAS GONE WRONG WITH RENEWABLES TRUSTS?

This is far from the only sector where investment trusts are faced with wide discounts. Some problems are universal for investment trusts, like cost disclosure. Due to the way that investment trusts currently need to comply with FCA guidelines, the products end up looking more expensive than they are, because the system is designed for open-ended funds, not investment trusts. While this is now in the process of being reviewed, it has not been resolved and is still weighing on the industry as it can deter potential investors.

Renewable energy infrastructure trusts, in particular, have found themselves in something of a perfect storm. Not only do the funds face cost disclosure issues, but the market has lost appetite for the entire sector. A higher interest rate environment has increased the appeal of alternative asset classes.

Another blow was delivered at the end of October 2025 with news the government is launching a consultation on changes to the inflation link in existing clean energy incentives, which could include a retrospective element. Additionally, since the sector's launch, other investment trusts have become available that have a significant focus on income.

The net result is that, while renewable energy infrastructure might have been an obvious sector for investors to focus on if they were looking for income 10 years ago, there are now a much larger range of options.

For some of these trusts, this issue is becoming more critical than just a wide discount.

'All of these companies have a long pipeline of

Discounts on renewables investment trusts

Trust	Discount to net asset value
Greencoat UK Wind	-30.7%
SDCL Efficiency Income	-32.9%
Renewables Infrastructure Group	-33.3%
Greencoat Renewables	-34.0%
Foresight Solar Fund	-34.2%
NextEnergy Solar Fund	-35.1%
Bluefield Solar Income	-36.1%

Source: AIC, trusts with assets of £1 billion or more, data to 11 November 2025



potential investments they could make... but they haven't got the cash on hand because they can't issue more shares,' says James Carthew, head of investment company research at QuotedData.

WHAT CAN TRUSTS DO?

This forces the trusts into a choice: They can either maintain the current investments and use the cash they generate to pay out dividends but deliver limited growth or sell those investments to generate funds for new opportunities.

These may boost growth but also come with greater risks and would result in less immediate income. Some trusts are also considering a third option, which would involve merging with another trust that is more focused on growth.

'The quid pro quo with that would be that you might end up with a dividend cut,' Carthew says. 'That has understandably upset some investors because they're thinking: "Well, I bought it for the income." But you might actually end up making a bigger return, from a combination of capital and income, instead.'

Still, if trusts were to make this change, it could run counter to what investors are hoping to get from their holding. Three renewable energy infrastructure trusts, [NextEnergy Solar Fund](#),

[Foresight Environmental Infrastructure](#), and [Foresight Solar](#) Fund, have increased their dividend to investors for 10 years in a row or more. Despite this, Foresight Environmental trades on a discount of more than 35%, with NextEnergy right behind at 35.1% discount, and Foresight Solar at 34.2%.

HOW MUCH COULD DIVIDENDS BE REDUCED?

Even the most popular trusts in the sector have felt the pressure. Among AJ Bell customers, the most widely-held trust in the sector, and fifth-most held investment trust full stop, is [Greencoat UK Wind](#). However, the trust still trades on a 30.7% discount, despite paying out a dividend of 10.3% and having a net asset value total return of 58.9% over the past five years.

This could mean that some shareholders who have stuck with it would be open to a change. But, due to the structure of investment trusts, any material changes, like a focus that veers more towards growth, would need to be approved in a shareholder vote.

'I think (a change) that gives you a yield of 8% or 9% rather than 12% would be fine, and 6% or 7% instead of 12% may be fine. But if you go down a lot, people might be more upset. So, you have to think about existing holders versus new investors,' Carthew says

'This is why anything changed like this is going to need to be voted on by investors. That is the beauty of the structure really, the managers can propose this stuff, the boards can propose this stuff, but in the end it's the shareholders who get to decide.'

For now, many trusts are waiting to pull the trigger. But if a few can take the leap successfully, a new path for the sector might emerge.



Hannah Williford
AJ Bell Content Writer

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What are the pros and cons of using bonds which are linked to inflation?

Ask the experts. Paul Angell is here to field your investments-based queries. If you'd like a question considered for a future edition [send it in now](#).

I am worried that some of my bond investments are actually losing me money once I factor in inflation rates. I've heard about bonds that track inflation, and I'm wondering if those make more sense.

Joan



Paul Angell, AJ Bell Head of Investment Research, says:

In short, deciding if you'd like your bond investments to track inflation depends on what you're hoping to get out of the investment.

Bonds that track inflation are called index-linked bonds, or colloquially, linkers. Some of the most common ones are offered by the UK government, called index-linked gilts, or by the US government, called US Treasury Inflation Protected Securities

(TIPS). Let's understand how they work before getting into the pros and cons.

With a regular government bond, you would buy the bond (issued at £100) for an agreed upon coupon. The coupon is the amount that will be paid to you each year as interest, so if it's labelled as 4%, you'd be paid £4 each year (semi-annually), and then get your £100 back at the end. If it was a 10-year gilt, you'd earn £40 before platform fees.

However, if inflation is higher than 4% per annum over this period, your investment's value diminishes, as you have less purchasing power at the end of the 10 years than when you started.

WHEN DO INDEX-LINKED BONDS MAKE SENSE?

This is where linkers might have appeal. In this situation, your end payment would be adjusted upwards by 4% per year, thereby preserving the purchasing power of your investment. You would also receive a (smaller) semi-annual coupon



payment that has also been adjusted for inflation year to year. However, this can also go the other way. The Bank of England's inflation goal is just 2%. If this was achieved, the overall payout of the linker would be some way below the standard gilt.

Which of these methods is right for an investor ultimately depends on their goals. Coupons on linkers are lower, and inflation is not steady from year to year, so for those wanting a regular income, these are unlikely to be the best option. But, if an investor wanted to guarantee they ended up with a bit more money at the end of 10 years than they started with from a purchasing power perspective, linkers are likely to be more appealing

On a longer-term horizon, it's difficult to tell which will ultimately create a better return, because inflation is notoriously hard to predict, and can change quickly. In March 2023, the Office for Budget Responsibility predicted inflation levels averaging just 0.8% between 2024 and 2027. By November of 2023, that prediction had changed to 2.1% between 2024 and 2028. The latest inflation reading, for August 2025, came in at 3.8%.

It doesn't mean that linkers are always the better call. In 2015, the inflation rate hit zero and it came close to doing so again in 2020 during the Covid

pandemic, resulting in minimal returns on index-linked bonds

WHAT DO YOU NEED TO THINK ABOUT?

If you're trying to decide what will give you a better return between a standard gilt and a linker, you will have to make a prediction on whether the market has underestimated the level inflation will reach over the life of the bond.

It's also always important to consider the risks that come along with the investment. Remember, when a government is issuing lots of debt, it might mean they are already having trouble with funding.

The UK government has a high credit rating and is seen as very reliable when it comes to paying back bondholders. But if a government is issuing a lot of index linked bonds, they are taking an additional risk too, because they don't know how much they will need to pay back to investors in the future. If inflation becomes much higher than expected for a prolonged period of time, this can become quite the headache for a nation's finances.

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Where do I start with constructing a well-rounded portfolio?

Looking at some of the basics around attitude to risk and asset allocation



For most people, putting together a diversified portfolio of investments is their best route to achieving their financial goals. A well-constructed portfolio can smooth investment returns, making it easier to stay invested over the longer term.

The first part of the article discusses spreading risk in relation to broad asset types while the second part delves into the construction of a well-balanced stock portfolio.

Everyone knows the dangers of putting all your eggs in the same basket. This can be applied to investing, where concentrating investments in a single stock or industry exposes an investor to avoidable risks and potential loss.

Take John, who works in the oil industry and is very knowledgeable about the companies in the sector and how they make money.

He believes buying a selection of oil stocks

reduces his risk but fails to fully appreciate how the oil price affects the stocks in his portfolio in the same way.

WHAT DOES RISK MEAN WHEN INVESTING?

Whether you are a complete beginner or a more experienced investor, it is important to understand your tolerance for risk.

Consider two different investors, James and Jane. James gets uncomfortable if the value of his portfolio moves up and down by more than 10% a year while Jane isn't flustered if the value of her portfolio swings around by 15% to 20% a year.

We can say that James has a lower risk appetite than Jane. There is no right or wrong amount of risk appetite, it just depends on each person's investment goals, time horizon and temperament.

In investing, risk comes down to understanding the uncertainty of investment returns from

different assets.

A low-risk investment typically has a predictable return while a high-risk investment might make a lot of money or lose some.

Risk and return are inextricably linked. Safer assets such as cash in the bank have historically delivered the lowest returns. Riskier assets like stocks and shares have historically delivered the highest returns.

The catch is stock returns are far more variable which means they can inflict painful losses over shorter periods. Heightened market volatility is often driven by emotional factors such as fear and greed.

Over periods of five years or more, stock prices tend to follow the trajectory of profit and cash flow. However, forecasting profit is not easy and it is possible to get this wrong.

WHAT ASSETS ARE AVAILABLE TO ME?

For most of us we are likely to be choosing from three broad asset types – cash, bonds and shares. (Though property and certain commodities can come into the mix too.) Each asset has a different level of uncertainty associated with its return.

The most certain return comes from putting money into an interest-bearing bank account.

Deposits at UK banks are protected up to a value of £85,000, so let's say you put £1,000 into an easy access savings account which pays 2% or £20 a year. That is a very certain outcome, given the protection of the government guarantee.

Government bonds (a type of I.O.U issued by the state) are close to risk-free investments because the state can always raise taxes to service its debts. The state issues bonds with varying maturities from

a few months up to 50 years.

For example, let's say James buys £1,000 worth of gilts which mature in 2035. UK bonds are called gilts because historically the paper certificates had gold-coloured gilt edges.

The annual interest rate, also called the coupon of the bond is 4.75%, which reflects prevailing market rates.

This means the bond will pay James a fixed annual income of £47.50 a year (4.75% of £1,000) until 2035 at which time he will receive his £1,000 back.

Bonds are usually issued at a price of 100, which is called par, and they are redeemed at par. If James holds the investment until the bond matures, he will receive a stable return of 4.75% a year.

After a bond is issued, its price can move up or down. This affects the bond's yield which is the annual coupon divided by the price. Let's say the price moves to 105, the yield falls to 4.5% (4.75 divided by 105).

It is worth pointing out that bond payments are contractual which means investors have some protection in the event the issuer cannot service or repay the debt. This is more relevant for corporate bonds which carry greater credit risk.

CAN BONDS PROVIDE PROTECTION FROM FALLING MARKETS?

As well as providing stable income, bonds have another feature which can make them useful in the context of constructing a balanced portfolio.

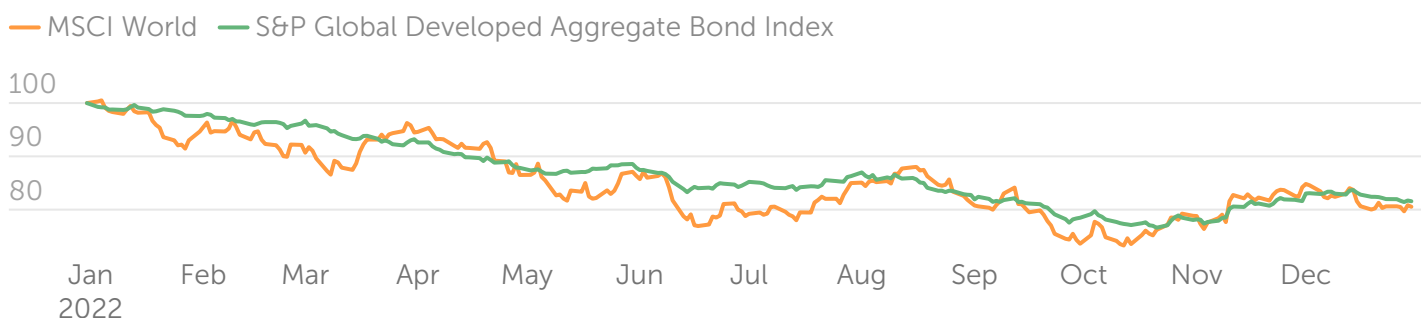
Investors tend to flock to the relative safety of bonds during periods of market upheaval and economic recessions.

Increased demand pushes up prices (yields fall)



Both bonds and stocks fell sharply in 2022

Rebased to 100



Source: LSEG



which can offset some of the losses incurred by stocks. This in effect, provides a kind of ballast for a portfolio. That is the theory.

In practice, this relationship does not always hold. It can flip around with bond prices dropping at the same time as stock prices.

A recent example was 2022 when central banks raised interest rates to fight inflation, with government bonds inflicting bigger losses than stocks and corporate bonds falling at roughly the same rate as equities. Bond prices are sensitive to the rate of inflation because the income they pay is fixed.

DO STOCK MARKETS GO UP IN THE LONG RUN?

A study by JPMorgan asset management based on US stock market data going back to 1950 showed stocks held for a decade or more have a much narrower range of potential returns.

For example, rolling one-year returns from stocks ranged from 61% to minus 43%. Over 10 years the extremes moved down to 21% for the best 10-year rolling period to minus 3% for the worst. Over 20 years the best return was 18% a year and the worst was 4% a year.

This demonstrates the importance of remaining invested and sticking with a strategy that aligns with your individual risk profile and objectives.

In the long run stock markets tend to rise because the economy grows and companies in aggregate grow their profits. Bonds by contrast do not have growth potential.

This is why it makes sense for most investors to allocate a proportion of their portfolios to stocks

and shares.

In general, younger people and those with a higher risk appetite are likely to hold a higher proportion of stocks.

Someone in their 20s or 30s has a potentially longer investment horizon which means they do not need to worry too much about the short-term ups and downs of the stock market.

Those nearer to retirement are more sensitive to any sharp falls in the stock market, which would reduce the value and income potential from their portfolio.

HOW DIVERSIFIED SHOULD I BE?

The idea behind diversification is to smooth out investment returns. This can be achieved by creating a portfolio of stocks (and other asset classes) with some moving up and others moving down, cancelling each other out.

Academic studies suggest holding 20 to 30 individual stocks is enough to reap the benefits of diversification, but it this also depends on the size of the companies in the portfolio and other factors.

A portfolio comprised of smaller companies might need 30 to 50 names to achieve the same level of diversification as a large-cap focused portfolio.

The main aim should be to try to achieve a balance of exposures to the broad industry groupings and not get too concentrated into one area of the market. Holding companies across the size spectrum can also increase diversity.

Remember, just because a company is listed in London does not necessarily mean it is



domestically focused. For example, more than half of the revenue generated by the companies in the FTSE 100 comes from overseas.

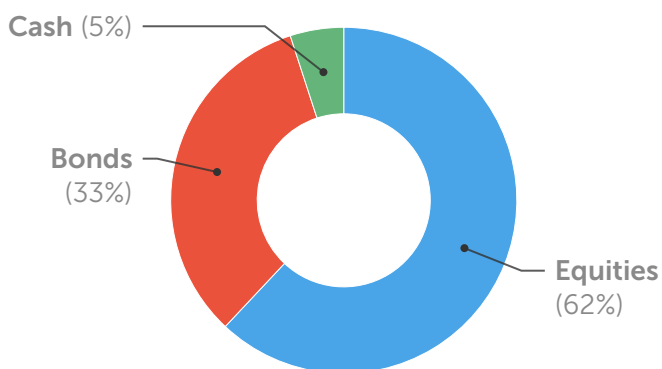
A practical and cost-effective way to achieve diversification is to consider using ETFs (exchange traded funds) and index trackers of major stock and bond indices around the globe.

Holding individual stocks alongside ETFs can also be an effective way to spread risk. Remember to check what each ETF holds to ensure you are not duplicating holdings and inadvertently creating concentration risk.

Finally, beware of the risk of holding too many positions where the costs start to outweigh the benefits, and you end up with an unwieldy list of companies and funds in a portfolio, which is time consuming to monitor.

WHAT MIGHT A TYPICAL PORTFOLIO LOOK LIKE?

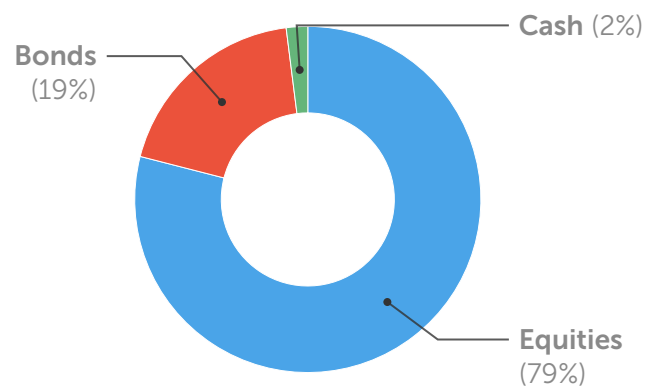
Medium appetite for risk



For illustrative purposes only
Source: AJ Bell



Higher appetite for risk



For illustrative purposes only
Source: AJ Bell



The charts show two example asset allocations based on different appetites to risk. The average risk appetite allocation has a lower weighting towards stocks and a higher weighting to bonds, which should, in theory, help smooth out returns.

The higher risk appetite allocation is more weighted towards stocks and less to bonds, which means returns are likely to be bumpier.



By **Martin Gamble**
Shares and Markets Writer

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Will I be affected by the increased age limit on taking pension benefits?

Ask the experts.. Rachel Vahey is here to answer questions on pensions. If you'd like a question considered for a future edition [send it in now](#).

Currently the earliest one can access their pension benefits is upon reaching the age of 55. The government announced this limit would rise to 57 from 6 April 2028.

Having saved diligently and invested aggressively into my own SIPP, early retirement is a possibility once I turn 55.

I read that only those born prior to 6 April 1971 would truly be unaffected by the legislation (they would turn 57 on or before 6 April 2028). For those born after 6 April 1973, the position is clear, unfortunately they would not be able to access their benefits until they turn 57.

This leaves those born between 6 April 1971 and 6 April 1973, and it was implied they would be able to access their benefits from the day they turn 55 until the 6 April 2028 but then would somehow be prevented from accessing their benefits until their 57th birthday. Is that correct?

Phil



Rachel Vahey,
AJ Bell Head of Public Policy, says:

The normal minimum pension age (NMPA) is the earliest age someone can access their pension. You are right that for most people this is currently age 55 and will increase to age 57 from April 2028.

However, despite this change being announced several years ago, we have very little practical information on what it means for those who are around that age who want to access their pension.

If you are younger than age 55 on 6 April 2028 then you cannot access your pension, and you will have to wait until your 57th birthday before doing so.

But as you say, there are a few questions for those who born between 6 April 1971 and 5 April 1973 who will be over 55 in April 2028 but not yet



57. It may be easier to break down the options for this group.

First, if the pension saver has not yet accessed any of their pension, then they will not be able to do so until they reach age 57.

If they have accessed their pension and bought an annuity, then the annuity payments will simply continue. It's very hard to see how they could be stopped 'mid-flow'.

WHAT IF YOU'RE ALREADY IN DRAWDOWN?

Likewise, if the pension saver has accessed their pension and moved it to drawdown, they should be able to continue to withdraw money from these drawdown funds. Those with drawdown can take



Ask Rachel: Your retirement questions answered

as much or as little money as they want, and they can also stop or start it when they want to.

The tricky part comes when we think of those who have taken part of their pension, and, say, moved it into drawdown. But still have part of their pension they haven't accessed – the 'uncrystallised' part.

We don't yet know what the rules are for this situation. On the one hand, it seems likely the pension saver won't be able to access any more pension until they reach 57. But there are some pension savers who have set up an arrangement with their pension provider to regularly access chunks of their pension pot on a pre-arranged basis. This is often called phased drawdown or drip-feed drawdown. If this arrangement was stopped mid-way, then this seems a cruel outcome for those affected.

WHEN WILL WE KNOW MORE?

We have been waiting for several years now for the government to clarify what the 'transitional rules'

are for this situation. Although there is a hope that the next Finance Bill, due late November or early December, will include the legislation needed.

In the meantime, I would offer a general reminder to always think through the implications of accessing your pension from such an early age. Many people will rely on their pension to provide them with an income for the rest of their lives, however long that should be, so consider carefully whether that income will be sustainable for the next 30 or so years.

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Questions about retirement?

Rachel Vahey, AJ Bell
Head of Public Policy,
is on hand

SHARES

ASK Rachel

