



Interim results
For the six months ended
31 March 2021

Agenda

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Business update

■ HY21 highlights

- **Strong organic growth** – Record customer growth and high levels of inflows, with total customers up 17% to 346,797 and total AUA up 15% to £65.2 billion
- **Increased demand for AJ Bell investment solutions** – Strong inflows into AJ Bell funds and MPS resulted in closing AUM of £1.4 billion, up 75% in the period
- **Record financial performance** – Half-year revenue up 21% to £73.9 million and PBT up 39% to £31.6 million
- **Increased interim dividend** – Strong balance sheet and robust liquidity position supports an interim dividend of 2.46 pence per share
- **Acquisition of Adalpa** – Development of a simplified, mobile-led platform service to broaden our offering to financial advisers, helping them to serve a wider range of clients
- **New Board Appointments** – Baroness Helena Morrissey and Evelyn Bourke will join the business on 1 July 2021, further strengthening the diversity and skillset of our Board

■ Key investment highlights

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

Key investment highlight

Our market

Our proposition

Our customers

Our business model

Our people

Commentary

- The UK platform market continues to grow, with total assets held on platforms now exceeding £800 billion⁽¹⁾
- The structural growth drivers for the platform market remain strong across the Advised and D2C sectors, with individuals increasingly engaging with their finances to take greater responsibility for their financial future
- Continued enhancement of our award-winning platforms propositions, AJ Bell Investcentre and AJ Bell Youinvest
- Responsible Growth fund and Responsible MPS launched – our investment solutions are gaining increased traction with advisers and retail investors, with net inflows of £458 million in HY21 helping to grow total AUM to £1.4 billion
- Record organic customer growth in HY21 across both our Advised and D2C platform propositions
- AJ Bell Youinvest continues to attract younger customers and dealing activity has remained at elevated levels, with particularly strong demand for international equities
- We have delivered record customer growth and executed a record number of deals for our customers in HY21, throughout which the vast majority of our staff have continued to work from home
- Operational resilience is a key focus for the FCA across the UK financial sector, including investment platforms – we have accelerated planned investment to enhance the scalability and resilience of our platform
- Baroness Helena Morrissey and Evelyn Bourke appointed to the Board with effect from 1 July 2021
- Following the continued success of our Wage War on COVID, our people have again supported various initiatives to help families and communities adversely impacted by the pandemic

(1) Source: Platform

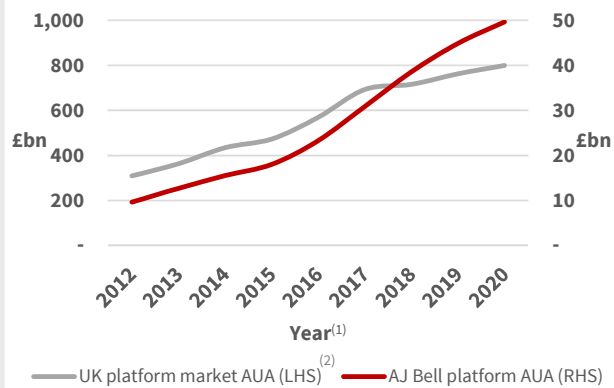
Our market

An attractive retail market within the UK savings and investment industry

A reminder of the key attractions of the UK platform market

Figure 1

UK platform market & AJ Bell platform AUA growth



Growth

- Pension and net financial wealth in Great Britain grew by 8% per annum over the decade to 2018⁽³⁾
- The UK platform market grew by 11% per annum between 2015 and 2020
- AJ Bell platform AUA grew by 23% per annum over the same period

Structural factors supporting continued future growth

- **Demographics** – an ageing population, living and working for longer
- **Government and regulatory** – drive for greater personal responsibility and self-provision of long-term savings
- **Technology** – digital age driving customers and asset flows to platforms
- **Financial** – growing awareness of the UK savings gap and a shift from DB to DC pensions

Regulation

- Pension tax relief unchanged in 2021 budget – we believe that the UK government needs to focus on encouraging more people to save for their financial future, so this was a positive development
- In February, CEO Andy Bell was a co-signatory to an open letter to HM Treasury calling for a consultation into retail investor participation in UK IPOs
- Investment Firms Prudential Regime – new regulatory capital rules in consultation phase, with final rules expected to be effective from January 2022

Current market dynamics

- UK household saving ratio remains very high compared to long-term historical averages
- Individuals are continuing to take more responsibility for their financial future, either directly or with the help of an adviser
- Retail investor engagement has remained high, with a number of catalysts including COVID-19 lockdowns, Brexit, US elections and the recent ‘meme stocks’ phenomenon
- Continued M&A activity in both Advised and D2C markets

(1) AUA as at 30 September each year
 (2) Source: Platformum
 (3) Source: ONS - Total Wealth in Great Britain

Our proposition

An award-winning platform operating in both advised and D2C market segments

AJ Bell Investcentre

- **Retirement Investment Account** has been extremely well received by advisers following its launch last year
- **Continued online support for advisers**, with increasing use of digital processes and online engagement channels
- **New third-party MPS** partners added, increasing choice for advisers
- **Named Platform of the Year 2020** at the UK Platform Awards in December 2020

“Firms increasingly tell us that there’s not a lot to dislike about the proposition as a whole and it’s becoming increasingly difficult to rule out of shortlisting processes. The BDM support team gets high marks too.”

The lang cat, March 2021

AJ Bell Youinvest

- **Continued enhancements to the platform** in response to customer demand:
 - Live portfolio pricing launched
 - New banking partners added to our Cash savings hub
 - Processes made paperless
- **Multiple awards in the period**, including ‘Best SIPP Provider’ and ‘Best Execution Only Stockbroker’ at the City of London Wealth Management Awards 2021

“AJ Bell Youinvest is a strong all-round performer which is at the top of our Platform Investor Experience Leaderboard with a solid online proposition, reasonable pricing, high quality customer service and a good mobile experience.”

Platform, December 2020

AJ Bell Investments

- **AUM up 75% in HY21 to £1.4 billion**, with net inflows in the period of £458 million
- **A strong performance record** with four of the five funds launched in 2017 delivering top quartile 3-year performance⁽¹⁾
- **Increasing demand** for investment guidance and simple investment solutions from D2C customers
- **Responsible Growth fund and Responsible MPS launched**, offering retail customers and advisers with low-cost solutions to invest in a responsibly-focused manner

(1) As at 31 March 2021, AJ Bell's Cautious, Moderately Cautious, Moderately Adventurous and Adventurous funds were top quartile over 3 years. The AJ Bell Balanced fund was second quartile over 3 years. AJ Bell's Global Growth, Responsible Growth, Income and Income & Growth funds do not yet have a 3-year track record

Our proposition

Acquisition of Adalpha

Strategic vision

- Our aim is to **‘make investing easy’**:
 - There is increasing demand from financial advisers for simpler, more efficient online propositions, accelerated by COVID-19
 - We believe that offering a simplified, mobile-led investment proposition alongside AJ Bell Investcentre will help to drive our continued success in the advised platform market

Financial impact

- Initial cash consideration of £2.6 million
- Maximum earn-out of £16.5 million to be satisfied in AJ Bell plc shares
 - Conditional upon completion of various operational and financial milestones up to September 2026
- Approximately £3m of additional costs to be recognised in the income statement in H2 of FY21, then c.£3m-£4m in FY22

The new proposition



- ‘Touch by AJ Bell’ will be a new simplified, mobile-led adviser platform which will:
 - Sit alongside AJ Bell Investcentre to enhance our range of options available to advisers
 - Extend our compelling offering for a wide range of client scenarios across all ages, portfolio sizes and investment needs
 - Support advisers looking to deliver their service model efficiently to a wider group of clients using smartphone technology
- We have acquired an experienced team with demonstrable experience in the advised platform market
- Soft launch expected in the first half of FY22

Our customers

A growing base of loyal, high quality customers

Figure 2

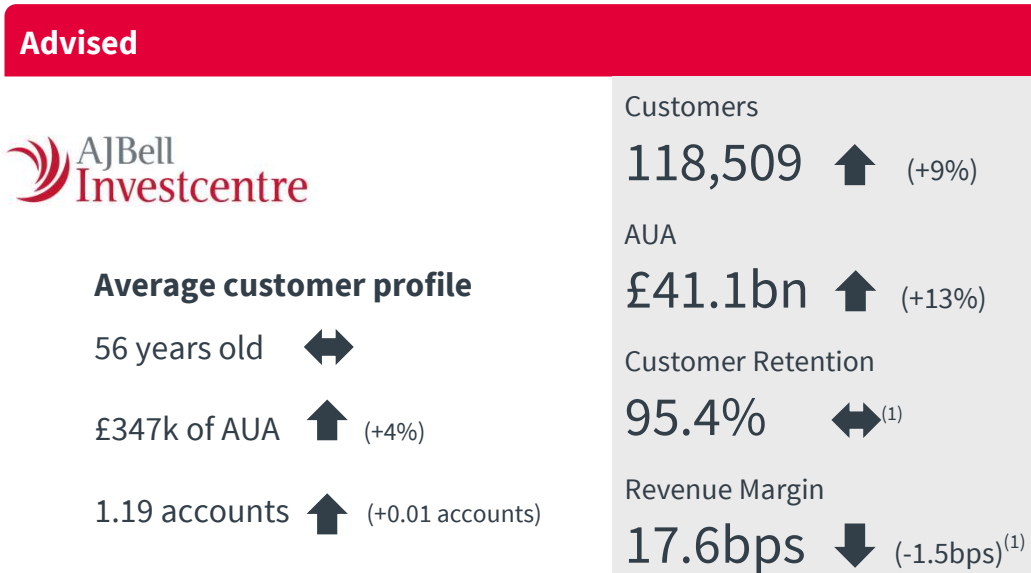
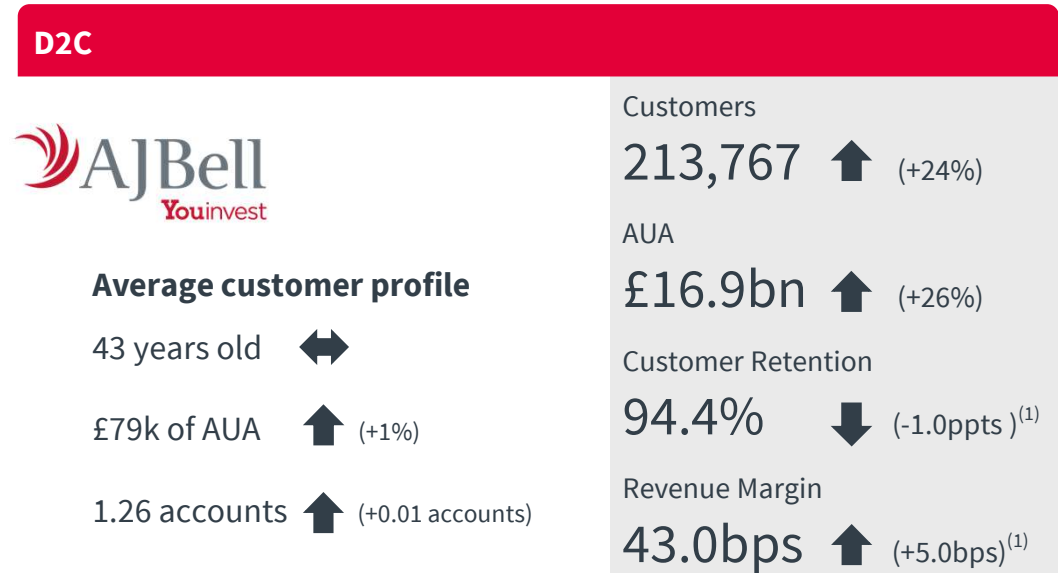


Figure 3



Commentary

- Strong organic customer growth, with both Advised and D2C customer acquisition being at record levels in the period
- Average customer age remained stable across both platform propositions, however we continue to attract younger new customers – average age of new customers in HY21 was 49 for Advised and 38 for D2C
- Average customer portfolio values remained high across both Advised and D2C, reflecting the high quality of both new and existing customers
- Interest in ‘meme stocks’ in Q2 attracted some new customers into the D2C market who were not long-term investors. This impacted D2C customer retention in the quarter, however the overall retention rate remains high at 94.4%

(1) Customer retention and revenue margin variances are compared to the six months ended 31 March 2020

Note: All variances are based on changes since 30 September 2020, except those indicated by footnote (1)

Our customers

D2C customer profile

Record growth driven by younger customers looking to save for the long term

Figure 4
Net new D2C customers (000s)

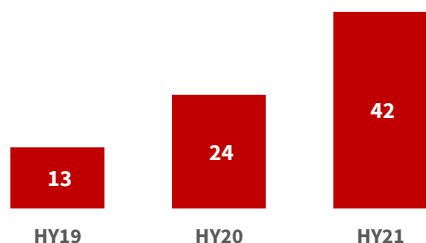


Figure 5
Average customer age



Figure 6
AJ Bell funds AUM as a proportion of total D2C AUA

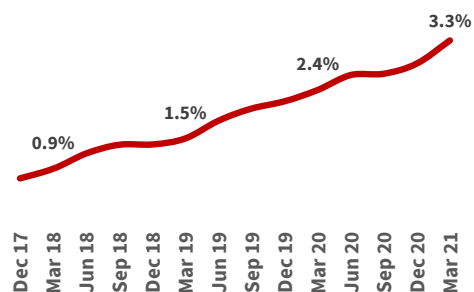
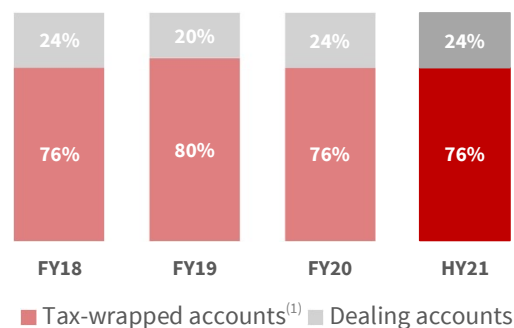


Figure 7
D2C new accounts by type



Commentary

- We have continued to attract record levels of new customers onto our D2C platform
- Growth in the period once again driven by younger people looking to take control of their financial future
- Strong demand for our low-cost range of AJ Bell funds, with total assets held in these funds now accounting for over 3% of total D2C AUA
- In line with previous financial years, 76% of new accounts opened in HY21 were tax-wrapped products, demonstrating that new, younger customers have similar long-term investment objectives to our existing customer base

(1) Total number of customers placing at least one trade on the AJ Bell Youinvest mobile app between 1 March 2020 and 31 March 2021, divided by the total number of customers placing at least one trade in the same 13-month period
 (2) Tax-wrapped accounts are SIPPs, Junior SIPPs, ISAs, Junior ISAs and Lifetime ISAs

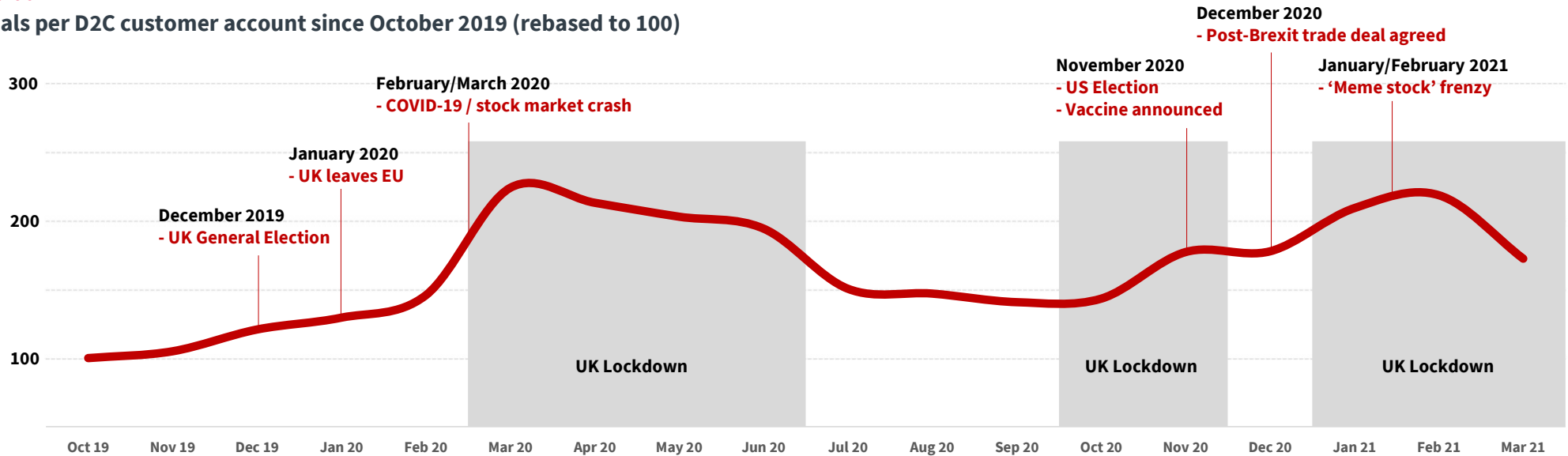
Our customers

D2C customers – elevated dealing activity

A number of catalysts have driven elevated levels of D2C dealing activity since the start of FY20

Figure 8

Deals per D2C customer account since October 2019 (rebased to 100)



Commentary

- Elevated dealing activity has continued in HY21, driven by a number of catalysts, and at particularly heightened levels during lockdown periods
- We have also seen an increased proportion of trades in international equities by D2C customers across all age groups since the onset of COVID-19
- Dealing activity has moderated when market volatility has fallen and restrictions have been eased, albeit at higher levels than pre-pandemic

Our customers

Platform Customers, AUA and AUM

Figure 9

Customers	HY21		
	Advised platform	D2C Platform	Total Platform
Opening customers	108,911	172,183	281,094
Closing customers	118,509	213,767	332,276
<i>Variance to opening</i>	+9%	+24%	+18%
<i>Variance to prior year</i>	+14%	+48%	+34%
AUA and AUM (£ billion)			
Opening AUA	36.3	13.4	49.7
Inflows	2.8	2.2	5.0
Outflows	(1.1)	(0.6)	(1.7)
Net inflows	1.7	1.6	3.3
Market & other movements	3.1	1.9	5.0
Closing AUA	41.1	16.9	58.0
<i>Variance to opening</i>	+13%	+26%	+17%
<i>Variance to prior year</i>	+31%	+59%	+38%
Opening AUM	0.4	0.4	0.8
Closing AUM	0.8	0.6	1.4
<i>Variance to opening</i>	+100%	+50%	+75%
<i>Variance to prior year</i>	+167%	+200%	+180%

Customers	HY20		
	Advised platform	D2C Platform	Total Platform
Opening customers	98,056	120,113	218,169
Closing customers	103,974	144,100	248,074
<i>Variance to opening</i>	+6%	+20%	+14%
<i>Variance to prior year</i>			
AUA and AUM (£ billion)			
Opening AUA	33.8	11.1	44.9
Inflows	2.4	1.4	3.8
Outflows	(0.9)	(0.4)	(1.3)
Net inflows	1.5	1.0	2.5
Market & other movements	(3.9)	(1.5)	(5.4)
Closing AUA	31.4	10.6	42.0
<i>Variance to opening</i>	(7%)	(5%)	(6%)
<i>Variance to prior year</i>			
Opening AUM	0.3	0.2	0.5
Closing AUM	0.3	0.2	0.5
<i>Variance to opening</i>			
<i>Variance to prior year</i>			

Commentary

- Another period of strong growth in customers and assets under administration:
 - Total platform customers up 18% to 332,276
 - Platform AUA up 17% to £58.0 billion
- Strong performance delivered by our **Advised platform**:
 - Customers up 9% in the period to 118,509
 - Net inflows up 13% versus HY20
 - Record closing AUA of £41.1 billion
- Another record-breaking period for our **D2C platform**:
 - Customers up 24% to 213,767
 - Net inflows up 60% versus HY20
 - Record closing AUA of £16.9 billion
- Significant growth for **AJ Bell Investments**:
 - Net inflows in HY21 of £458 million, up 117% compared to the prior year (HY20: £211 million)
 - Closing AUM of £1.4 billion, up 75% in the period

Our customers

Platform AUA – gross inflows from new and existing customers

Figure 10

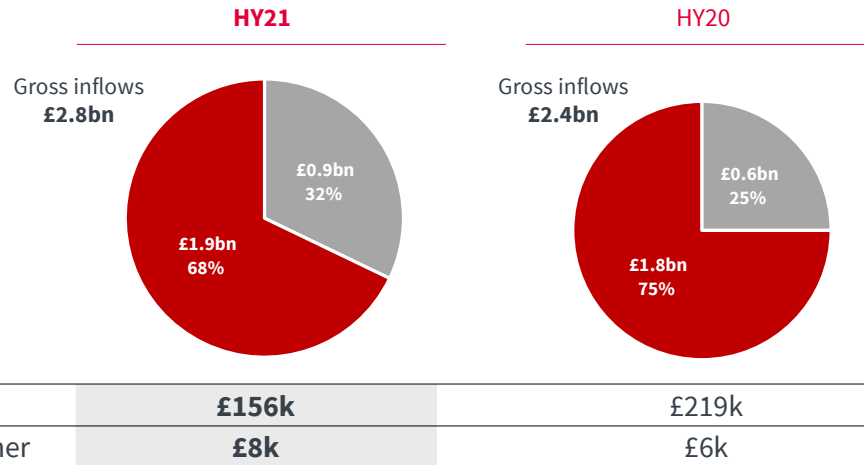
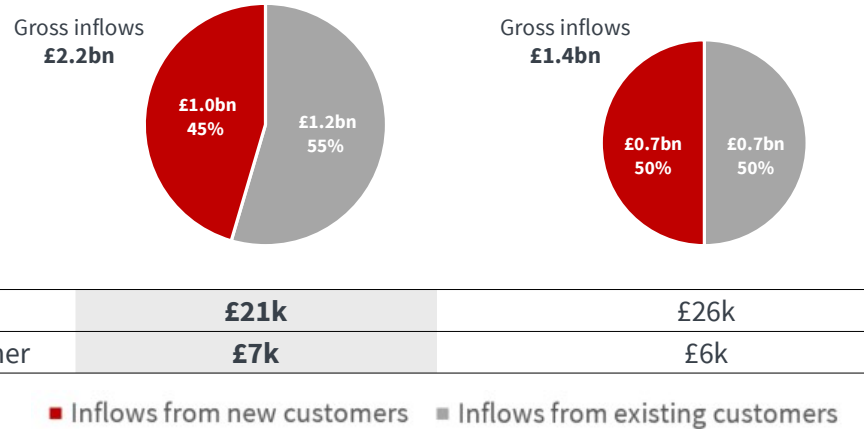


Figure 11



Commentary

- Gross inflows from existing customers were up versus prior year, reflecting increased confidence following the uncertainty in 2020

Advised

- Gross inflows from both new and existing customers increased compared to HY20
- High uptake of RIA resulted in lower average inflows per new customers, as this product is targeted at customers with smaller portfolios

D2C

- Strong growth in the total value of inflows from both existing and new customers
- Average new customer remains above £20k – younger average age, high retention rates and ongoing contributions result in a high lifetime value



Financial update

■ HY21 financial highlights

Figure 12

	HY21	HY20	+/-
Revenue	£73.9m	£60.9m	21%
Revenue margin	24.0bps	23.2bps	0.8bps
Profit before tax	£31.6m	£22.7m	39%
PBT margin	42.8%	37.2%	5.6ppts
Diluted earnings per share	6.26p	4.36p	44%
Interim dividend per share	2.46p	1.50p	64%

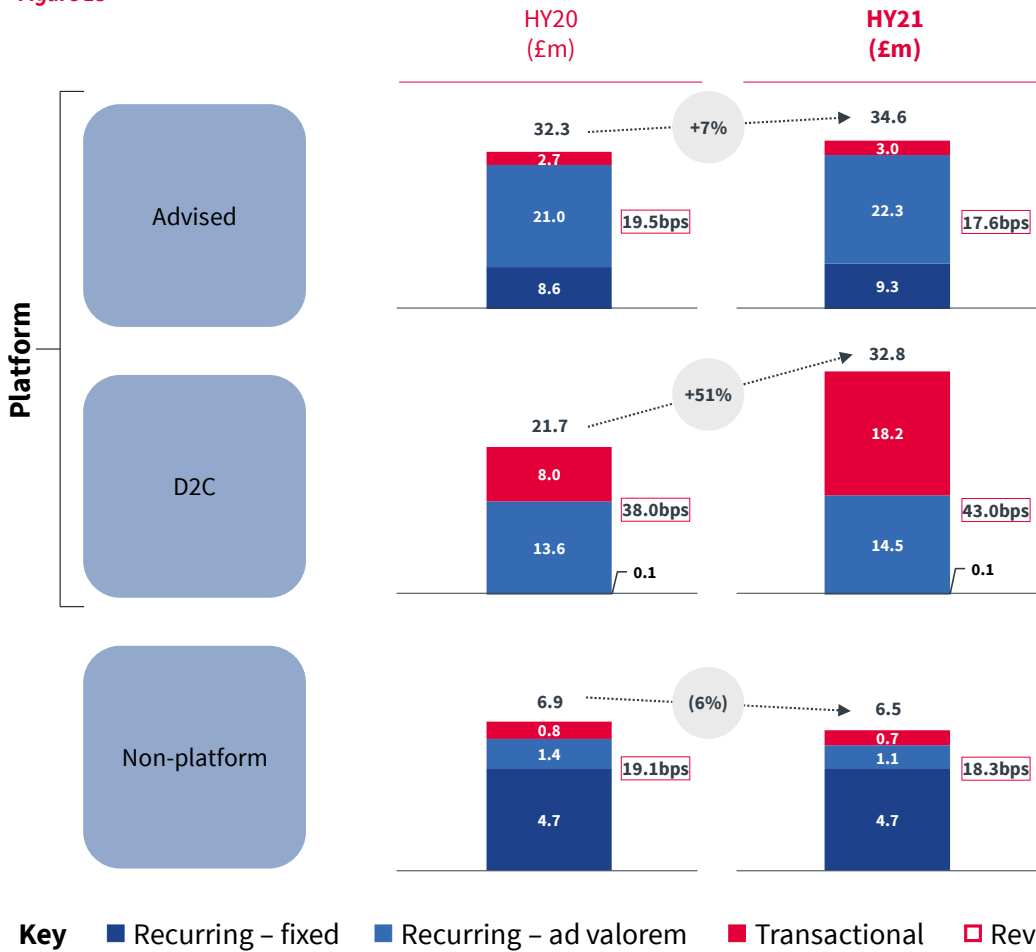
Commentary

- Strong growth in revenue and profitability driven by the continued success of our platform propositions
- Total revenue margin increased by 0.8bps to 24.0bps, primarily due to increased transactional revenues generated by our D2C platform in the period
- PBT margin increased by 5.6ppts to 42.8%, driven by the increased revenue margin and positive effects of operational gearing
- A short working capital cycle ensures that profits are quickly converted into cash, resulting in closing cash balances of £80.6 million
- Interim dividend of 2.46 pence in line with stated policy, up 64% versus prior year having held the HY20 interim dividend flat in light of COVID-19

Revenue analysis

Revenue by proposition, nature of revenue streams and revenue margins

Figure 13



Commentary

High quality of earnings – a well diversified revenue model with 70% of revenue recurring in nature, despite the significant increase in transactional revenue on our D2C platform

Advised

- 7% increase driven primarily by higher recurring ad valorem revenue, though reduced interest income resulted in the total revenue margin falling by 1.9bps compared to HY20

D2C

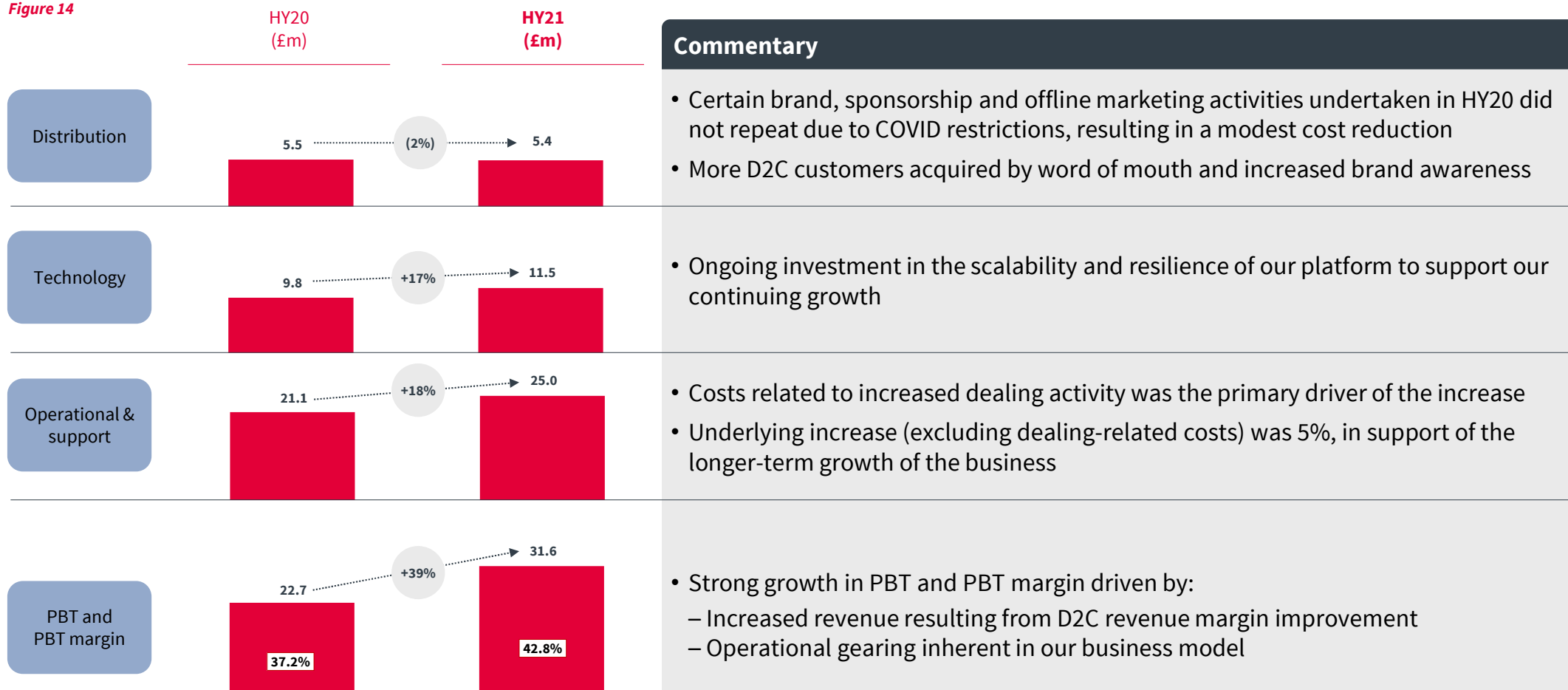
- Elevated dealing activity by AJ Bell Youinvest customers, with an increased proportion being in international equities, resulted in a £10.2 million year-on-year increase in transactional revenue

Non-platform

- Revenue fell by 6% to £6.5m due to the loss of a small number of institutional stockbroking clients as expected

Cost and PBT Analysis

Figure 14



Key █ PBT margin

Capital and dividend

Our highly cash generative and capital light model supports a progressive dividend

Figure 15

Regulatory capital position		
£ million	HY21	HY20
Total shareholder funds	117.9	93.3
Less: unregulated business capital	(4.3)	(3.5)
CRD consolidation group – CET1 capital	113.6	89.8
Less: unverified profits	(26.4)	(20.0)
Less: non-qualifying assets	(9.8)	(4.3)
Total capital resources	77.4	65.5
Less: capital requirement	(39.3)	(35.4)
Surplus capital	38.1	30.1
% of capital resource requirement held	197%	185%

Figure 16

Dividend payments			
Pence per share	FY21	FY20	+/-
Interim	2.46	1.50	64%
Final		4.66	
Total ordinary dividend		6.16	

Commentary

- Having prudently paid an unchanged interim dividend last year, our strong capital position supports an FY21 interim dividend of 2.46 pence
- New regulatory capital regime now in consultation phase – final rules due later this year, effective from 1 January 2022. Our view remains that:
 - Our capital requirement will be more closely linked to business growth and is expected to increase more quickly than under the existing rules
 - Based on information currently available, we do not anticipate any changes to our dividend policy when the new rules are introduced



Outlook

Financial outlook - guidance

Figure 17

	FY21 updated guidance			FY22 guidance			Outlook beyond FY22
	Advised Platform	D2C Platform	Non-platform	Advised Platform	D2C Platform	Non-platform	
Revenue	Full-year revenue margin expected to be c.17-18bps	Full-year revenue margin expected to be c.37-39bps	Revenue expected to be in the region of £11.5m	Full-year revenue margin expected to be c.17bps	Full-year revenue margin expected to be c.30bps	Revenue expected to be in the region of £11.0m	<ul style="list-style-type: none"> Platform revenue margins expected to increase slightly from FY22 levels, with an increasing contribution from AJ Bell Investments Medium/long-term PBT margin expansion opportunities remain, driven by improved revenue margins and operational gearing inherent in our business model Guidance assumes D2C dealing activity normalises as anticipated and interest rates remain unchanged
Costs / PBT margin	Changes to cost base anticipated in H2: <ul style="list-style-type: none"> - Dealing-related costs expected to decline as D2C customer activity moderates - New costs following the acquisition of Adalpha (estimated to be c.£3m in second half of FY21) Due to stronger revenue margins than previously guided, full-year PBT margin is now expected to be similar to prior year (FY20: 38.4%)			No significant changes to the growth profile of the underlying cost base are anticipated Adalpha-related costs expected to be c.£3-£4m PBT margin expected to decline slightly in FY22 as the benefits of operational gearing are outweighed by the impact of lower interest income, reduced levels of dealing activity by D2C customers			
Exceptional items	No exceptional costs anticipated			No exceptional costs anticipated			

- **Continued market growth** – the long-term growth drivers of the platform market remain strong with customers increasingly looking to take control of their savings with flexible, low-cost, online solutions
- **Low interest rates to persist** – will have a short-term impact on revenue and profitability, though we envisage strong growth in both metrics over the longer term
- **A moderation in dealing activity is expected** – as restrictions are eased, we expect retail trading activity to fall from recent elevated levels, though not back to pre-pandemic levels
- **Continued investment in our propositions** – ensuring that we develop relevant products and services to help people to invest, whilst continuing to focus on ease of use
- **We are well positioned to increase our share of the advised and D2C markets** – our secure, scalable investment platform will enable us to capitalise on the future growth of our market



Glossary

AUA	Assets Under Administration
AUM	Assets Under Management
BPS	Basis Points
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
D2C	Direct to Consumer
DB/DC pension	Defined Benefit / Defined Contribution Pension
DFM	Discretionary Fund Manager
FCA	Financial Conduct Authority
FY20/FY21	Year Ended 30 September 2020/2021
HY20/HY21	Six Months Ended 31 March 2020/2021
IPO	AJ Bell plc's Initial Public Offer in December 2018
MPS	Managed Portfolio Service
PBT	Profit Before Tax
RIA	Retirement Investment Account
SIPP	Self-invested Personal Pension
SSAS	Small Self-administered Scheme

Advised Platform



AJ Bell Investcentre is an investment platform proposition for regulated financial advisers and wealth managers providing a suite of products, services, investment solutions and online tools to help manage their retail customers' portfolios

D2C Platform



- AJ Bell Youinvest is an investment platform proposition for execution-only retail customers which includes investment solutions through our in-house funds, ready-made portfolios and guidance via the AJ Bell Favourite funds list. Customer can also access a range of competitive savings accounts to manage their cash savings via the AJ Bell Cash savings hub

Non-platform



Provides adviser-led and D2C pension administration services to customers with bespoke SIPP and SSAS accounts.



Publishes Shares magazine and other proprietary investment content to support our platform propositions



White label SIPP administration branded to Barclays Smart Investor and Halifax Share Dealing



Provides dealing, settlement and custody services to institutional investment businesses

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