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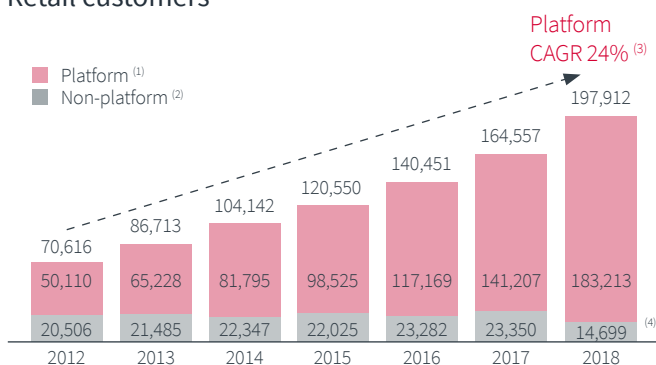
## Business overview

- Co-founded by Andy Bell in 1995, AJ Bell is one of the largest investment platforms in the UK
- At the heart of our business is a clear and simple purpose – “We help people to invest”
- We do this by making our platform easy to use and great value, with one of the lowest cost pricing structures in the market
- Unlike most other platforms, we operate at scale in both the advised and direct-to-consumer (D2C) segments of the platform market, through our flagship platform propositions; AJ Bell Investcentre and AJ Bell Youinvest
- Our platform gives investors access to Self-Invested Personal Pensions (SIPPs), Individual Savings Accounts (ISAs) and Dealing accounts through which they can access a wide range of shares, funds, investment trusts, exchange traded funds (ETFs) and bonds
- We also offer our own range of packaged investment solutions and investment content for customers that need help managing their portfolios

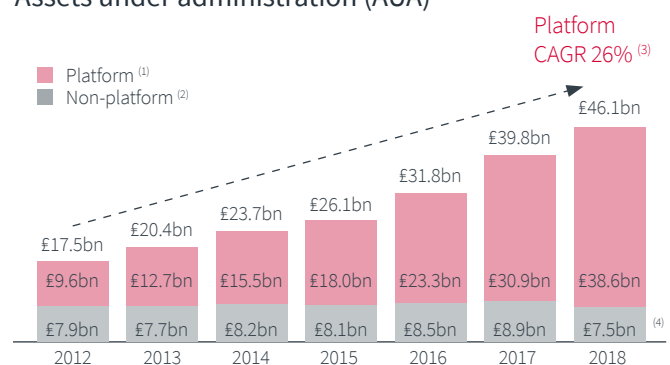


## The key drivers of growth for our business

### Retail customers



### Assets under administration (AUA)



1. Note: "Platform" includes AJ Bell Investcentre and AJ Bell Youinvest.

2. Note: "Non-platform" includes AJ Bell Platinum, AJ Bell Media, AJ Bell Securities and third party products.

3. Note: Compound Annual Growth Rate (CAGR) shown relates to the Platform business for the period 2012 to 2018 (30 September year end).

4. Note: The year-on-year reduction of Non-platform customers and AUA was largely due to the closure of two white label products.

# Key investment highlights

- **Our market** A fast-growing retail market within the UK savings and investment industry
- **Our proposition** Award-winning platform operating in both advised and D2C market segments
- **Our customers** A loyal base of high quality customers and a circa 95% customer retention rate
- **Quality of earnings** High quality, largely recurring revenue from a diversified mix of revenue types
- **Our business model** Profitable and scalable platform with embedded growth and margin expansion opportunities
- **Cash generation** Highly cash generative and capital light model supports a progressive dividend policy
- **Our team** Entrepreneurial, founder-led management team

## Our market

We operate in a fast-growing retail market within the £7 trillion<sup>(1)</sup> UK savings and investment industry

- The growth of the UK savings and investment industry has outpaced UK GDP
- The growth of the investment platform market has outpaced the wider UK savings and investment industry
- The growth of AJ Bell has outpaced the investment platform market

## The investment platform market

### Structural factors supporting growth

- ✓ **Demographics** – an ageing population both living and working for longer
- ✓ **Government and regulatory** – drive for greater personal responsibility and self-provision of long-term savings, supported by pension freedoms and auto-enrolment
- ✓ **Technology** – digital age driving tech-savvy customers and asset flows from non-platform to platform
- ✓ **Financial** – growing awareness of the UK savings gap and a shift from defined benefit to defined contribution pension schemes

### High barriers to entry

- ✓ **Scale** – required to achieve profitability
- ✓ **Technology** – significant investment required to create scalable and robust systems with high levels of straight-through processing
- ✓ **Brand** – recognition and trust required both in advised and D2C market segments
- ✓ **Regulatory capital and compliance requirements** – increasing as platforms become mainstream



1. Source: Office for National Statistics, Wealth in Great Britain Wave 5: 2014 to 2016.

## Our proposition

We operate an award-winning platform in both the advised and D2C market segments

### Great customer service

“AJ Bell is **rapidly growing assets** and winning plaudits from advisers. **It is no easy feat to grow assets rapidly** while also improving service scores”<sup>(1)</sup>

### Ease of use

“**Very user friendly website**, easy to set up account(s) and easy to monitor investments. Also, **plenty of helpful information** to help make investment decisions”<sup>(2)</sup>

### Functionality and choice

- Mature and fully developed investment platform
- Range of in-house, low-cost investment solutions
- Relevant and accessible investment content



- One of the UK's fastest growing adviser platforms
- The platform is used by UK FCA authorised advisers with either advisory or full discretionary permissions
- Account types: SIPPs, Stocks and Shares ISAs, Lifetime ISAs, General Investment Accounts (GIAs), Junior SIPPs, Junior ISAs and Offshore Bond accounts
- Wide investment range: equities, funds, investment trusts, ETFs and bonds. Full SIPP capability including individual property
- Investment solutions: low-cost Managed Portfolio Service and passive fund range
- Full range of income drawdown options
- Strengths: Service, Proposition, Price; SIPP heritage drives higher average AUA per customer
- Highly competitive pricing

- One of the UK's fastest growing D2C investment platforms
- The platform service is execution-only – “investment guidance” provided but no “personal recommendations” (i.e. no regulated investment advice)
- Account types: SIPPs, Stocks and Shares ISAs, Lifetime ISAs, Dealing accounts, Junior SIPPs and Junior ISAs. We don't offer CFD or spread-betting accounts
- Mainstream retail investments: equities, funds, investment trusts, ETFs and bonds
- Investment solutions: AJ Bell Passive funds, Favourite funds list and Ready-made portfolios (due Q4)
- Investment help: Shares magazine content, investment articles, videos, daily market updates, weekly insight emails and rich investment data
- Highly competitive pricing

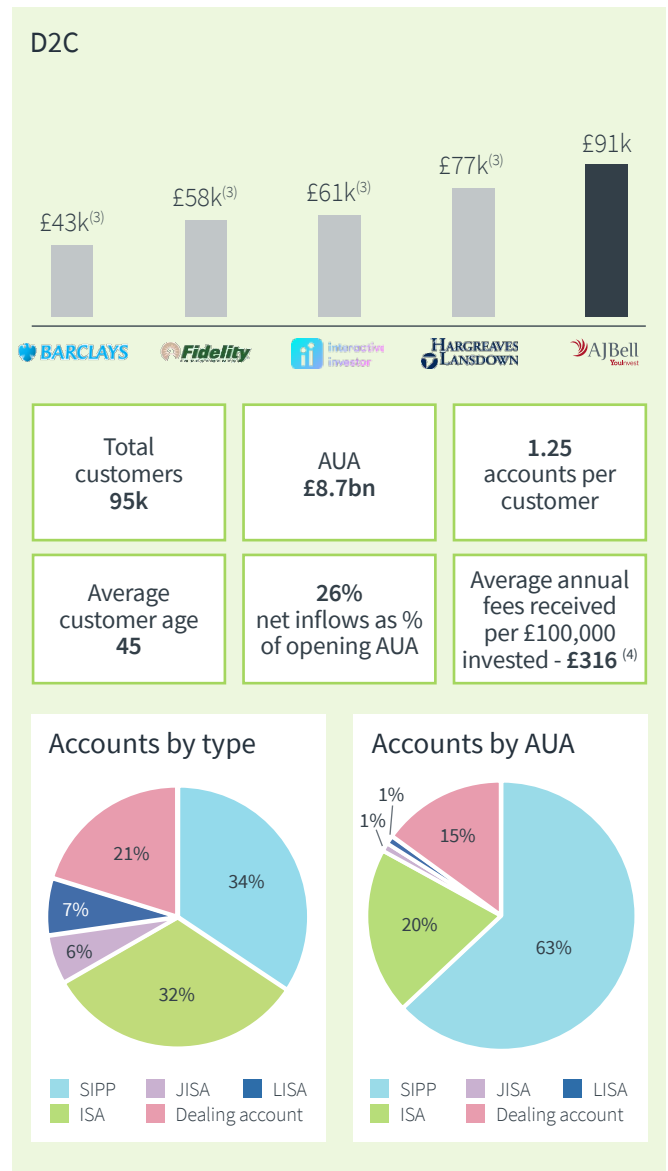
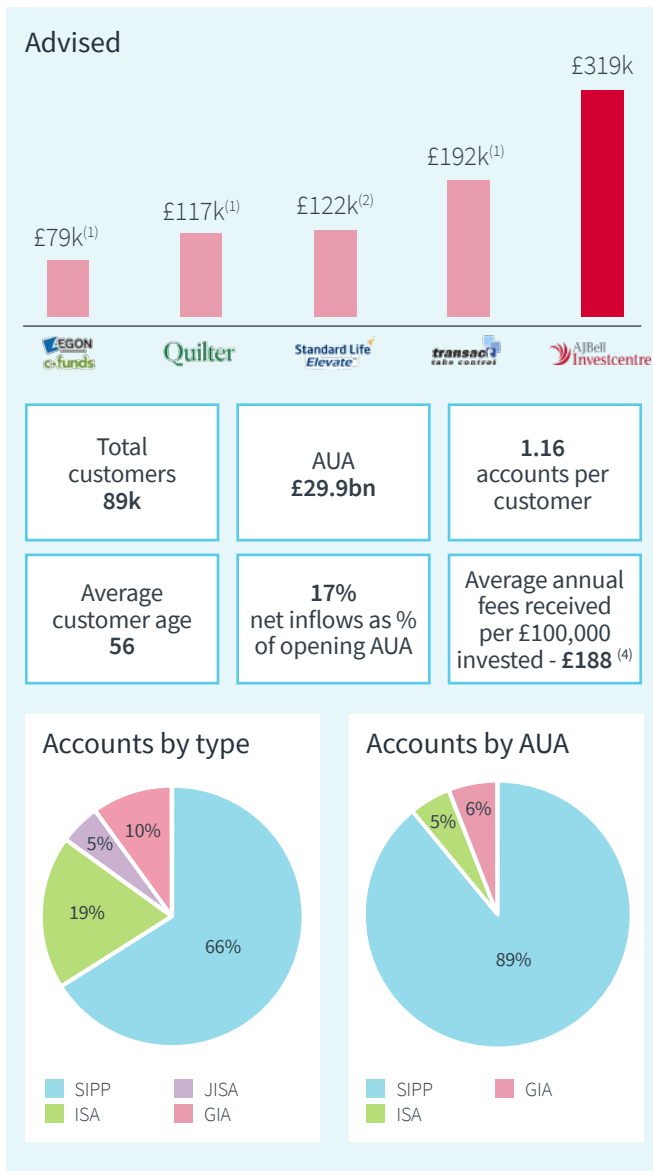


1. Source: Platform September 2017.  
2. Source: Feefo.



## Our customers

Our loyal, high quality customer base leads to greater average customer portfolio values in the both advised and D2C market segments.

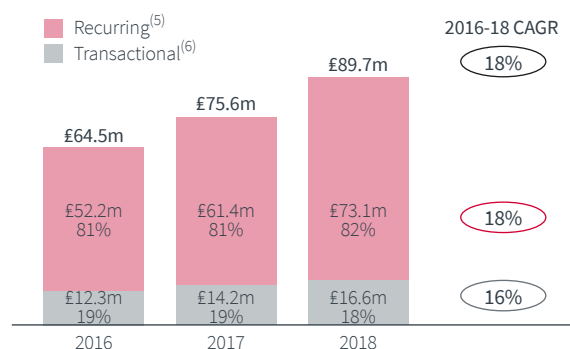


## Quality of earnings

High quality, largely recurring revenue from a diversified mix of revenue types

- Diversified revenue model – mix of fixed fees and recurring charges provides a balance of inflation protection and resilience in the face of economic and capital market fluctuations
- Increasing recurring revenues – yields predictable and sustainable revenue streams

### Revenue split



Note: AJ Bell year end is 30 September.

- Source: Platform UK Adviser Platform Guide, May 2018.
- Source: Standard Life Elevate website. £122k represents 2016 average customer portfolio value. Average customer portfolio value calculated as AUA divided by number of customers.
- Source: Platform UK D2C: Market Size and Structure report, July 2018.

- Based on revenue per £AUA: AJ Bell Investcentre – 18.8bps, AJ Bell Youinvest – 31.6bps.
- Recurring revenue: Ad valorem (custody charge; interest income; annual management charge) and fixed fees (annual admin fees; drawdown, property and off-panel fees; content and data subscriptions).
- Transactional revenue: Transactional / activity based income.

# Our business model

Profitable and scalable platform with embedded growth and margin expansion opportunities

### Hybrid technology model

Proprietary user interfaces – adaptable and easy to use

Back-office systems outsourced to proven software providers – scalable systems updated for regulatory change

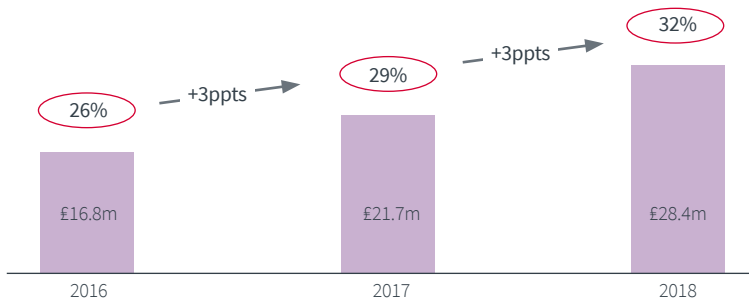
Back-office re-platforming completed in 2014 – systems fully embedded in the business

### Efficient operating model

High levels of online customer servicing, straight-through processing and automation

Single operating model supports both platform propositions – centralised operations in our Exchange Quay HQ in Manchester

## Operational gearing driving increase in profit margins



- Low operational impact of additional monies invested by existing customers
  - Decreasing marginal cost of adding new customers and their assets to the platform
- PBT margin  
■ Profit before tax (PBT)

## Cash generation

Highly cash generative and capital light model supports a progressive dividend policy

**Quick conversion of profits to cash**

+

**Capital light and materially debt free business**

+

**Strong regulatory capital position**

- Cash generated from operations has averaged circa 100% of PBT over the past 3 years
- Growth has been funded from retained earnings; it has not required primary fundraising or debt finance
- Our strong regulatory capital position is supported by a high Pillar I coverage in excess of approximately 440%

**Proposed progressive dividend policy**

- The Board is currently proposing a dividend policy based on a 65% payout ratio
- Any surplus capital accrued (over and above regulatory requirements or other specific needs) will be returned to shareholders in an appropriate form and at an appropriate time

Note: AJ Bell year end is 30 September.

# Our team

## Entrepreneurial, founder-led team



Les Platts  
Chairman



Andy Bell  
CEO and Founder



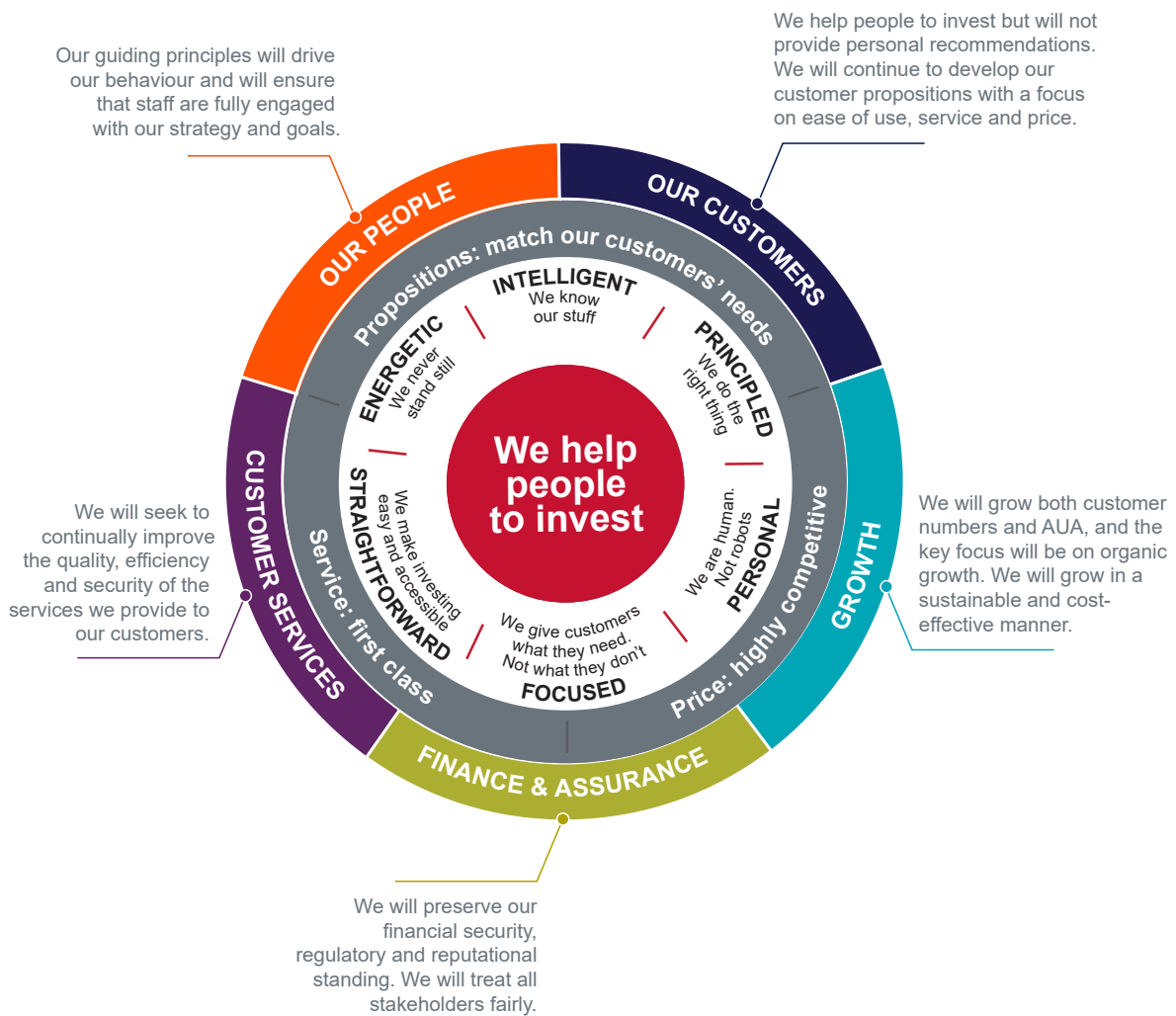
Michael Summersgill  
CFO

- Senior management team with an average tenure of 11 years
- Board governance structure in place for over 10 years
- All staff share offer as part of our IPO
- Modest management sell down in IPO - circa 10% of shareholdings
- One of The Sunday Times Best 100 Companies to Work For in 2018



## The AJ Bell Way

The AJ Bell Way provides a framework for embedding our purpose, culture and values within the business.



## Risk factors

There are a number of risks that may affect the value of your investment, including, among others, risks relating to:

- AJ Bell's business may be adversely affected by fluctuations in the capital markets as well as economic, political and market factors that are beyond AJ Bell's control
- The investment platform market is competitive and AJ Bell may lose market share or revenue margin
- AJ Bell's business is subject to risks relating to changes in UK government policy and applicable regulations
- AJ Bell is subject to regulation and benefits from regulatory approvals. AJ Bell may fail, or be held to have failed, to comply with regulations and such regulations and approvals may change, making compliance more onerous and costly
- AJ Bell may not achieve levels of growth consistent with those that it has achieved historically
- AJ Bell's operations are subject to strict data protection and privacy laws, breach of which could lead to substantial regulatory fines or data subject claims (including class actions)
- AJ Bell's operations are susceptible to cybercrime and loss or misuse of data which could damage AJ Bell's reputation
- Growing sophistication in financial crime and fraud techniques and/or any failure by AJ Bell to identify and prevent financial crime and fraud
- Some of the technology underpinning the platform and products is provided by third parties and is licensed to AJ Bell
- AJ Bell's operational infrastructure and business continuity may be affected by failures, damage, breakdown or interruption from events, some of which are beyond AJ Bell's control.

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