AJ Bell Growth Funds

Client guide

Intelligent investing made easy

It's all about choice

Choosing where to invest your hard-earned wealth is one of the most difficult decisions you have to make.

Whether you are making these decisions on your own or with the help of your financial adviser, the risk of losing money means the pressure is on, and the huge choice of investments out there only makes things harder.

With over 3,500 funds to choose from in the UK, even the professionals agree it's no easy task! So how do you go about navigating all these options without opening yourself up to an unacceptably high level of risk?

At AJ Bell we have designed a simple solution to help, leaving you free to invest in the life you want to live.

THE FUND MANAGEMENT MAZE

UK Asset Management industry:

£11.6 trillion
assets under management

£1.6 trillion
assets under management UK Funds

150
Investment Association member Asset Management firms

122,000 *(direct and indirect)*
employees in the Asset Managment industry

Growth potential:

Estimated £2.5 trillion
UK private wealth kept in cash able to be invested*

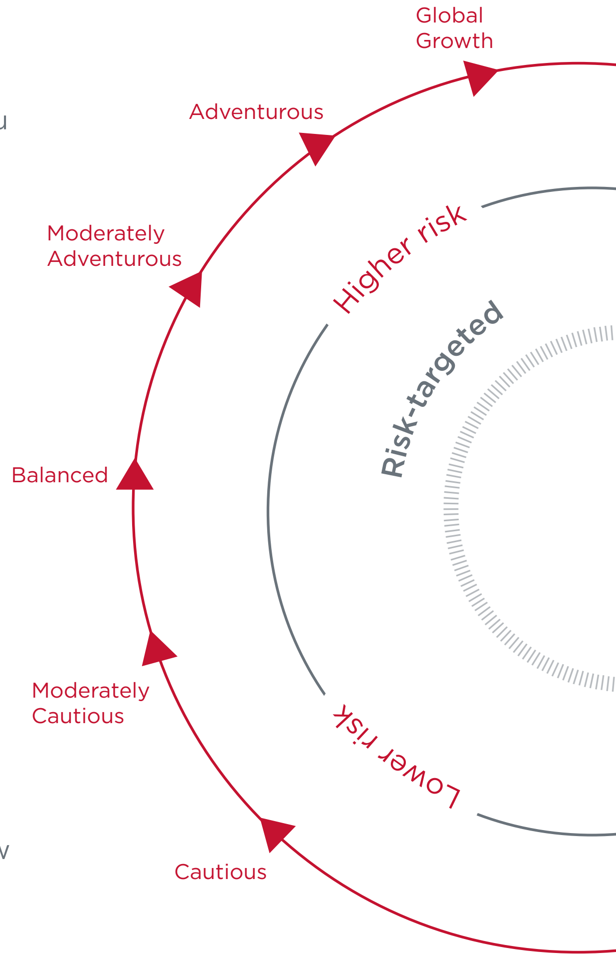
M4 Deposits BoE Feb 2020, (IA Annual Survey September 2022)

Keeping it simple…

To help you on your path, we have created a range of six AJ Bell Growth Funds, each offering a different exposure to risk. All you have to do is decide how much risk you are comfortable with, and let us do the rest.

Once you have made your choice, we invest your money in funds that invest in shares, bonds, commercial property and cash from all around the globe.

Known as ‘multi-asset’ investing, this approach means that you get access to the best possible investment opportunities, no matter where they might be in the world.



…with you in control

As with so many other areas in life, there is no such thing as certainty when it comes to investing. All investment carries an element of risk – albeit in different amounts depending on how uncertain the future is.

When it comes to investment, you should understand that your biggest friend is time. The longer you invest, the more predictable your returns become.

Over the medium to long term, the more risk you take, the greater the potential for gains, but it’s the same story for losses – especially in the short term.

Since everybody is different, we designed a range of risk-targeted funds that make it easy for you to work with your adviser and choose the level of risk that is right for you. Thanks to the expertise of our experienced Investment Team, you can be sure that the fund you choose will be managed with only the level of risk that you are comfortable with.

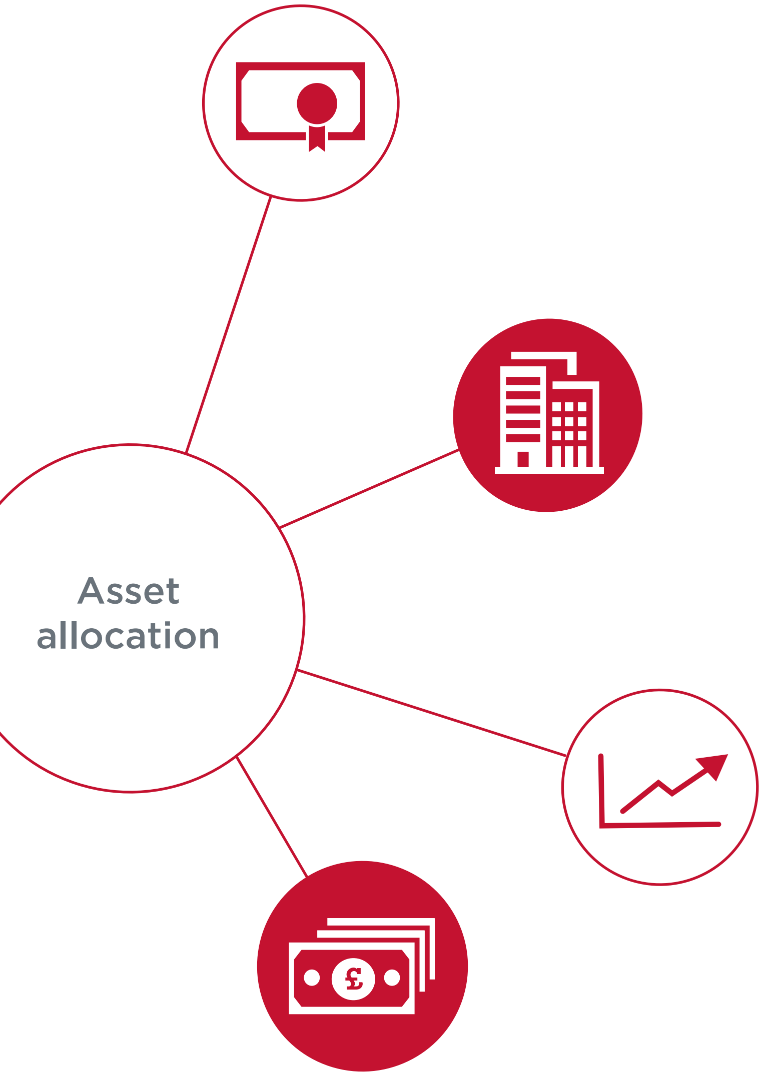
The result – a more predictable investment journey, with no nasty surprises.

So, who are the funds for?

With six risk options available – from ‘Cautious’ through to ‘Global Growth’, the funds should cater for most people’s risk appetite, but they won’t suit everyone.

Our investment approach relies on a long-term mentality. So if, in the short term, you will need access to the money you plan to invest, these funds probably aren’t for you.

The same is true if you feel uncomfortable with the idea of your investment falling in value at any time. The world is an uncertain place and investment values will fall as well as rise.



The benefits of diversification

At AJ Bell we believe that a crucial way to manage risk is through global ‘diversification’. In simple terms, this means not putting all of your eggs in one basket.

By spreading your money right across the world in a range of different investments, such as shares, bonds, commercial property and cash, we can build an investment strategy that adapts to different economic circumstances.

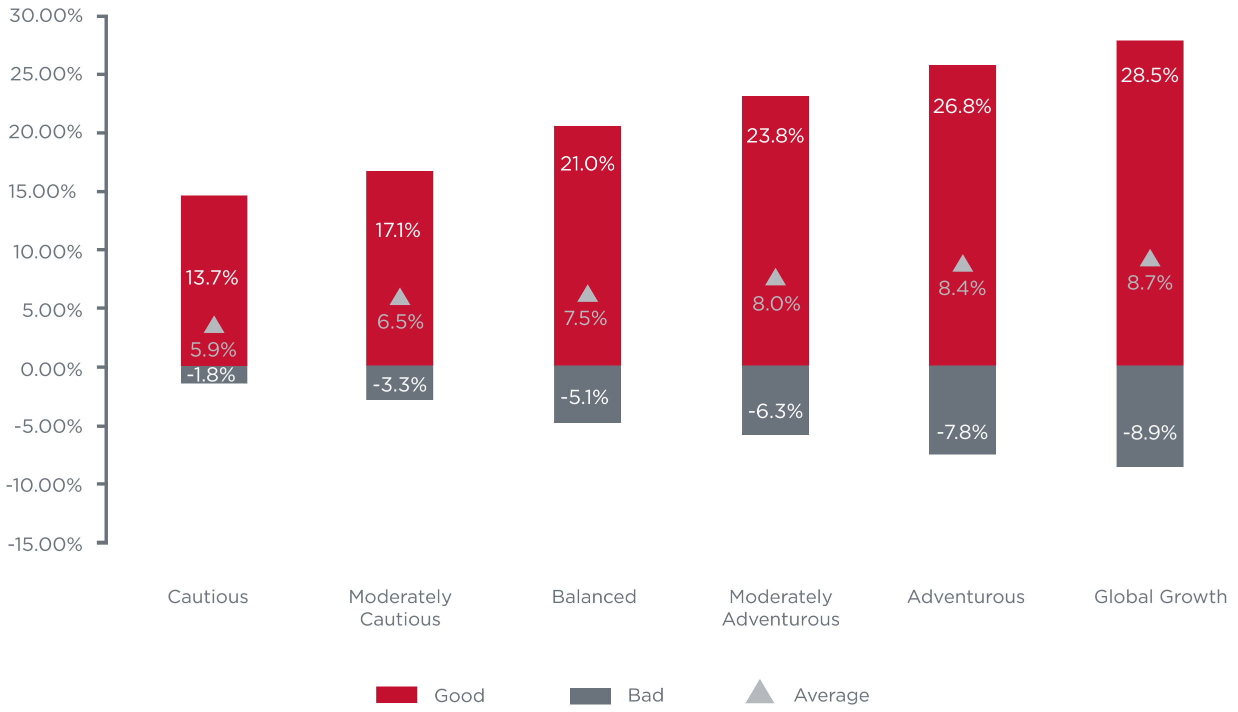
For example, you would expect shares to do well when the economy is performing strongly, while bonds would typically do well when the economy is going through a more challenging period. Or the US may perform well when the UK is struggling.

By having a blend of different investments spread across the globe, we reduce the risk of being caught out by an unexpected economic event. This is known as ‘multi-asset’ investing.

While this approach may reduce the potential returns when things are going well, it should also help protect your investment when the environment becomes more difficult. This makes the overall investment experience more comfortable, and gives you the reassurance that your financial security is never overly reliant on one particular investment doing well.

What can I expect?

Since all of the funds are managed to deliver only the level of risk that you are comfortable with, it's important that you understand how this translates into returns over time. We put together the chart below to help you consider the range of outcomes that you could expect to see over one year.



The value of your investments is not guaranteed and can go down as well as up. It's important that you understand how the funds could perform over time. The difference between the good and bad return will usually be less for a lower-risk portfolio. As the output is based on statistical forecasts, the actual outcome and performance could differ from the scenarios outlined above.

In a good year you might see a return somewhere in the red bar range. In a bad year, your losses would likely be somewhere in the grey bar. In a very bad year, such as a repeat of the credit crisis, the loss could be significant. Since you ought to be prepared to witness bad market conditions at some point on your investment journey, we show the range of outcomes that you should allow for.

But the longer you invest, the more predictable your returns become. That's because, over time, the good and bad years tend to cancel each-other out. Investors using these current portfolio allocations would have made the gains shown in the table below based on actual annual returns of the funds in 2018, 2019, 2020, 2021.

	Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Global Growth
Good return	13.7%	17.1%	21.0%	23.8%	26.8%	28.5%
Expected return	5.9%	6.5%	7.5%	8.0%	8.4%	8.7%
Bad return	-1.8%	-3.3%	-5.1%	-6.3%	-7.8%	-8.9%

All returns are gross of AJ Bell management fees.

The value of your investments can go down as well as up and you may get back less than you originally invested. Past performance is not a guide to future performance and some investments need to be held for the long term.

Important information:

- Forecasted returns are based on AJ Bell's target weights for different asset classes in each fund. We then allow for the capital market assumptions of AJ Bell for the relevant indices for each asset class. If we believe certain asset classes are over or undervalued at any point in time, we may vary the asset allocation weightings accordingly.
- The expected return is the arithmetic mean return over a single holding period.
- There is a 10% chance of getting a return worse than the 'bad return'.
- There is a 10% chance of getting a return better than the 'good return'.
- Future returns are assumed to be in line with market returns and conditions experienced over at least the last 15 years.
- Projected returns include estimated OCFs for the underlying products but do not include AJ Bell's AMC or platform charge.
- The projected returns shown may vary according to the tax treatment of your investment.
- If you pay tax on this investment, your returns may be lower. Tax depends on your personal circumstances and the rules can change at any time in the future.
- The data used in this illustration is valid as at January 2023.

And who manages my money?

AJ Bell was established in 1995. We have grown to become one of the UK's largest investment platforms, with £76.2 billion of assets under administration and 484,000 customers. We succeed by providing award-winning investment products, backed up with excellent service and online functionality at a low cost. AJ Bell is a member of the London Stock Exchange.

How much does it cost?

We firmly believe that high charges are one of the biggest threats to investment returns – which is why we work so hard to keep charges for the AJ Bell Growth Funds as low as possible.

We do this by ensuring that the investments beneath the bonnet of each fund are selected using low-cost strategies that aim to track the performance of well-known indices. Thanks to our unique charging structure, as the funds grow in size, we automatically pass on the benefits of scale to you. Combined with our cost guarantee, you will pay our low, fixed OCF of 0.31% to access your investments.

This approach is a highly efficient and effective way of investing, but importantly it also ensures that more of your hard-earned money is working for you, rather than being frittered away on expensive running costs.

What happens then?

At AJ Bell we never forget whose money it is and how hard you worked to get it.

We're committed to making sure you and your adviser are kept up-to-date with where, how and why your money is invested. Take a look at investcentre.co.uk/client for regular updates on how we invest your wealth.

This brochure provides general information about the AJ Bell Growth Funds. It should not be read or construed as investment advice. It is your adviser's responsibility to assess your circumstances and make a personal recommendation that is suitable for your needs.

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