AJ BELL INCOME FUNDS

Client guide

Intelligent investing made easy

Contents

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 is 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.

Why income?

As more investors take advantage of their new pension freedoms, there is a clear increase in demand for funds that generate regular income to replace the role that annuities performed in the past.

In a world that is increasingly focused on short-term results, we take the view that long-term thinking is critical when it comes to investing. That is why our investment process is based upon controlling risk, with a long-term valuation-driven approach.

Who are the funds designed for?

Our two income fund options both look to offer investors a target income of 3%-5% a year with income paid monthly.

The VT AJ Bell Income fund seeks a 3%-5% income return, with the expectation of holding its capital value over time. The VT AJ Bell Income & Growth fund aims for a 3%-5% income whilst also looking to grow the capital in line with inflation. For investors looking to generate an income in retirement, the funds offer a competitive yield – albeit with the day-to- day fluctuations in value that come with investments in risky assets such as shares and bonds.

How do the funds achieve their aims?

The allocation of the VT AJ Bell Income fund is built using a blend of global shares and bonds. As well as making the income generated in the fund more predictable, the inclusion of bonds also brings the prospect of greater stability over time.

The VT AJ Bell Income & Growth Fund targets a yield of 3%-5% from a portfolio containing mostly 'real' assets, such as property and shares. This should allow the fund to grow capital and income over time in line with inflation, albeit at the expense of bigger short-term fluctuations in value.

Because of the different asset allocations, the funds come with different levels of risk. The VT AJ Bell Income fund offers level of risk equivalent to the VT AJ Bell Balanced fund, and the VT AJ Bell Income & Growth has a risk profile that is equivalent to the VT AJ Bell Adventurous fund.

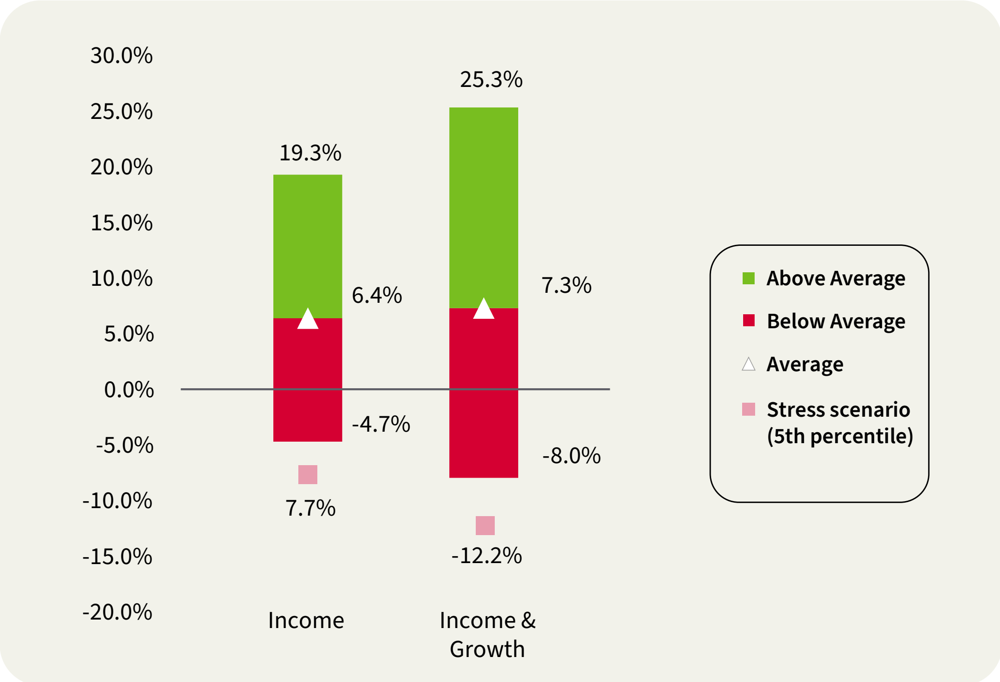
Both funds are scheduled to pay equal, pre-determined levels of income each month, with any retained income above the target level returned at the final distribution ('balancing') payment at the end of the period (31 March).

The VT AJ Bell Income & Growth Fund targets a yield of 3%-5% when measured over a 3 year average.

Expectations

It is important for you to understand how the level of risk taken in the funds translates into returns over time. We have put together the chart below to help you consider the range of returns that you could expect to see in a one-year period, when invested for the long-term. These returns focus on income generation but are expected to also include capital appreciation.

The longer you invest, the more predictable your returns become. That is because, over time, the good and the bad years tend to cancel each other out.



The green and red bars show the range of outcomes you can expect to see in 80 out of 100 years, whilst the white triangle shows the average annual return in these years.

Occasionally, markets may perform exceptionally well or exceptionally badly. In these years, statistically 20 in 100 years, the actual return may sit outside the range of expectations indicated by the green and red bars.

A market stress scenario, such as that suffered during the financial crisis, can be expected to occur 5 out of 100 years. This data, alongside the expected volatility of the portfolio, can be seen in the table format below:

AJ Bell Fund	Good Return	Average Return	Bad Return	Stress Scenario	Expected Volatility
Income	19.29%	6.38%	-4.70%	-7.68%	8.4% - 10.5%
Income & Growth	25.33%	7.28%	-7.96%	-12.25%	12.6% - 14.7%

i 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.

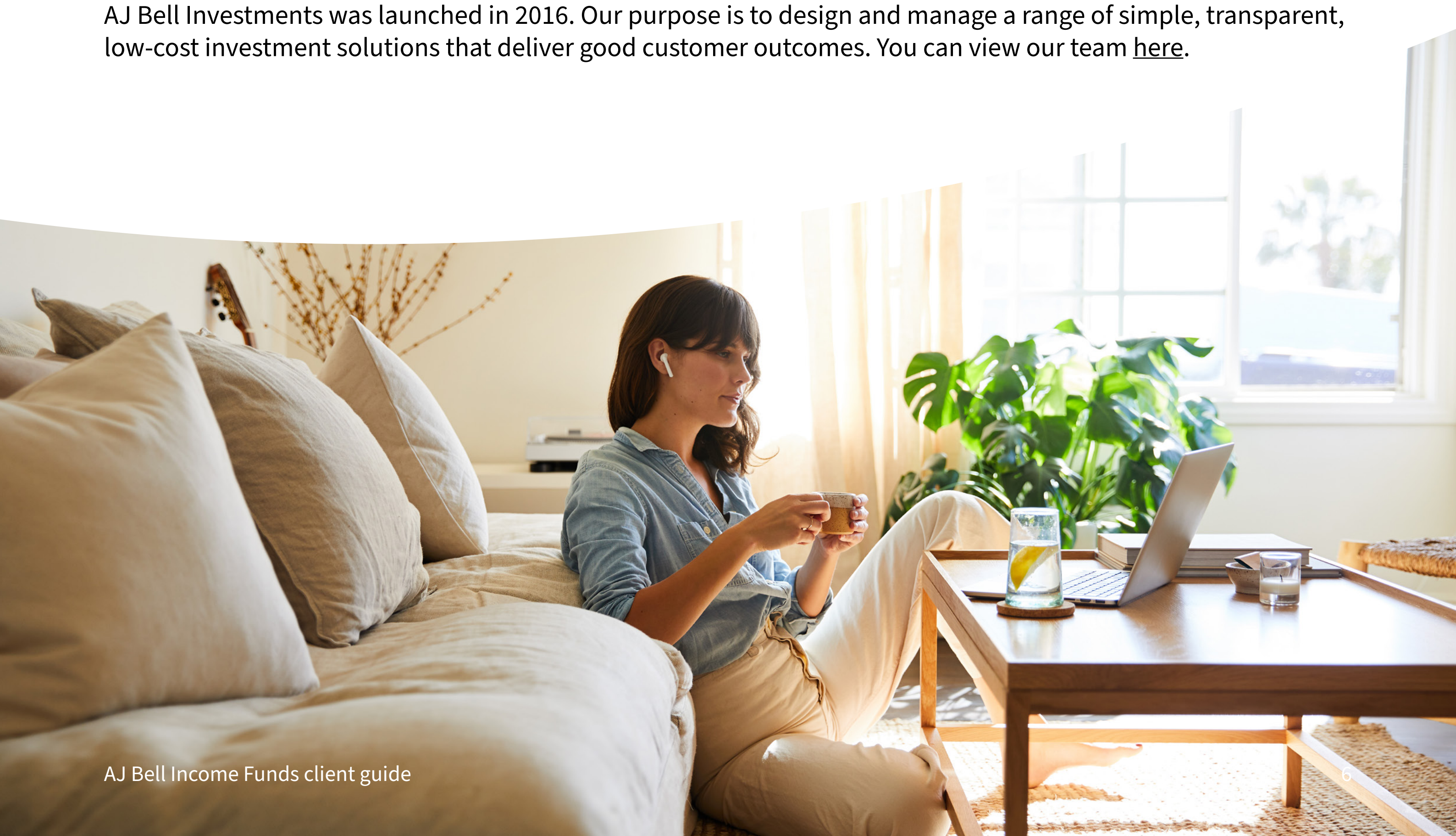
Important information:

- 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 above the green bar.
- There is a 10% chance of getting a return below the red bar
- 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 ongoing charge figure (OCF) for the underlying products but do not include AJ Bell's annual management charge (AMC) or platform charge.
- The projected returns shown may vary according to the tax treatment of your investment.
- If your client pays tax on this investment, their returns may be lower. Tax depends on their personal circumstances and the rules can change at any time in the future.
- Expected volatility is a statistical measurement of how widely the returns of each portfolio may vary from its average over time. This is measured on a forward-looking basis and is used to help you understand the level of risk taken in each portfolio.
- The data used in this illustration is valid as at January 2025.

Who manages my money?

AJ Bell was established in 1995. We have grown to become one of the UK's largest investment platforms, with £89.5 billion of assets under administration and 561,000 customers. We succeed by providing award-winning investment products, backed up with a dedicated investment team, excellent service, and online functionality at a low cost. AJ Bell is a member of the London Stock Exchange.

AJ Bell Investments was launched in 2016. Our purpose is to design and manage a range of simple, transparent, low-cost investment solutions that deliver good customer outcomes. You can view our team here.



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 Income Funds as low as possible.

With our cost guarantee, you will pay our low, fixed ongoing charges figure of 0.50% for one of our AJ Bell Income funds.

What happens then?

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

We are committed to making sure you and your adviser are kept up to date with where, how and why your money is invested. Log into your account for regular updates on how we invest your wealth.

AJ Bell Investcentre and AJ Bell Touch are available only through your financial adviser.

i | Please contact your adviser for more information or to ask questions about the AJ Bell Income Funds.

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

AJB/IF/CG/20250619