

AJ Bell rides investor wave as new clients get into shares

AJ Bell is booming thanks to a surging interest in shares from new investors – a market it believes could be worth many billions of pounds.

Lockdown saw a new breed of investor with cash saved from the closure of pubs and restaurants buying shares for the first time.

The investment platform and Hargreaves Lansdown rival saw nearly 87,500 new customers arrive in the year to September, taking the total to 382,750.

According to the Financial Conduct Authority there are another 8.6 million people in Britain with £10,000 of what it calls “investable” cash – money that isn’t needed for day-to-day running expenses.

AJ Bell is targeting those potential customers.

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Andy Bell, the AJ Bell CEO, says: "One of the challenges everyone has is to read the market. The regulators really want those people to be invested. Certainly, there is no shortage of assets or potential customers."

Revenue rose 15% to £146 million, with profit up 13% at £55 million.

That's a very high profit margin which could come under attack from low commission trading apps.

The broker has just launched its own app Dodl which will be available next year to target younger investors.

"The mistake would be to try to protect profit margins. We need to broaden our reach by going for the younger, less experienced investors," Bell told the Standard. "But we are not looking for the GameStop investor, or for people who want to day trade."

Dodl rivals include the similarly named dabbl. Bell thinks incumbents have an advantage. "If you are a start-up trying to build of these apps it is quite an expensive job. For us the IT is mostly built."

The company is paying a final and special dividend worth 9.5p in total. That's £38.9 million to investors of which another £9 million goes to the Bell family fortune.

AJ Bell's own shares joined the stock market at 160p back in 2018. They are up 75% since then, but dipped somewhat today on profit taking, down 13p at 383p.