

INSTITUTIONAL CLIENT SERVICES



# Institutional Client Services



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**A YEAR OF PROGRESS**

2021 was a strong year for the ICS Division, with growth in revenues to £92.7m (2020: £64.6m), and EBITDA of £28.0m (2020: £18.0m) at an EBITDA margin of 30.2% (2020: 27.9%). This represents good progress towards our Galaxy era objectives and we are on track to achieve our goal of establishing JTC as the first choice for partner-led, technology-enabled solutions for fund and corporate services clients. I described in detail last year how we were reconfiguring our operating model to enhance service delivery and support growth, creating both more internal efficiency and greater levels of client service excellence from our pan-jurisdictional teams. One year on we have delivered further improvements to our margins, all driven by an unrelenting attention to detail and our commitment to simplifying the complex by getting the right people doing the right things in the right places.

ICS has grown and evolved rapidly over the past three years, with 12 acquisitions in the Division since our IPO in 2018. Areas of particular strength include our operations in Cayman, Luxembourg, Jersey, the UK and South Africa. It is pleasing to note that our established jurisdictions continued to grow organically, not least through the operational improvements described above, while our more recent and developing platforms also made good progress, often due to our proven and disciplined approach to integration.



**HIGHLIGHTS**

- Continued progress with margin improvement to 30.2% underlying EBITDA
- Strong integration progress with the RBC cees business, now re-branded as JTC Employer Solutions
- Deepening of US platform with the addition of Segue Partners, SALI Fund Services and EFS
- Further build-out of Irish and UK platforms

**REVENUE (£M)**

**+43.6%**



**UNDERLYING EBITDA (£M)**

**+55.8%**



**UNDERLYING EBITDA MARGIN (%)**

**+2.3pp**



**LIFETIME VALUE WON (£M)**

**-2.9%**



LVW is 10 times annualised value of work won minus value of attrition in past year.



**RECORD ACQUISITIONS**

We completed a record seven acquisitions during the year: RBC cees (Channel Islands and UK), INDOS (UK and Ireland), Segue Partners (US), Ballyunion Capital (Ireland), SALI Fund Services (US), perFORM (UK) and EFS (US). All of these transactions fit with our strategy of acquiring high quality businesses that enhance our geographical reach and scale, add strength and depth to our service offering, and bring with them industry professionals of the highest calibre.

We are excited and very positive about the impact of our expanded US presence through the addition of Segue, SALI and EFS, all of which were announced in the second half of the year. While our core US business continued to face a number of headwinds, including the ongoing impact of Covid and a low interest environment, it nevertheless made good year on year progress in terms of both organic growth and margin improvement. Now we are in the process of ensuring that we capitalise on the opportunities these acquisitions present in what is both the largest and fastest growing institutional markets in the world.

## INSTITUTIONAL CLIENT SERVICES CONTINUED

## “Our work to improve efficiency continued, delivering +2.3pp in underlying EBITDA to 30.2% for the year.”

The RBC cees acquisition demonstrates the potential of another business line within corporate services. In 2021 we successfully re-branded it to JTC Employer Solutions, and it is a particularly strong example of where our inorganic growth strategy has captured significant value for the Group that will continue to compound over the long term. We have also successfully migrated INDOS' ESG services to the JTC brand and in 2022 will launch an expanded range of ESG services designed to enhance and grow our relationships with existing JTC clients and attract new business to the Group.

Through the acquisitions of INDOS and Ballybunion, we have substantially expanded our platform in Ireland, which began with a greenfield corporate services offering in 2020. This growing Irish presence complements our existing fund services offering in the Channel Islands, the UK and Luxembourg. It also creates important opportunities with the US market, for clients needing a European structure, and who feel closely connected to Ireland historically and culturally. In addition, the Investment Limited Partnership (ILP) regime in Ireland was updated in 2021 to attract increased private capital into the country and post period end we became one of only two third party Alternative Investment Fund Managers (AIFMs) to have supported the launch of an ILP. We will continue to invest in this important jurisdiction.

The growth in new capabilities and service offerings has also seen an increase in – and understanding of the power of – cross-selling and collaboration across the ICS Division itself, and also to and from the PCS Division. This is generating ever greater awareness and understanding of the benefits that come from working across the Group as a whole, something we will be building on in the coming years. It also has the effect of transitioning JTC, from an external perspective, to a trusted adviser role rather than merely a service provider. We are recognised as experts in complex areas.

### ORGANIC GROWTH

Our new business development in the year was strong, with an annualised value of £13.1m in business won. This was marginally behind the 2020 figure, which benefited from two large mandates of over £1m. The new business pipeline remains strong and we continue to invest in our business development and marketing capabilities.

We have also continued to develop and evolve our service offering, with our UK business now recognised for market-leading Transfer Agency services as well as our governance and support services for listed companies. Our Netherlands office – in partnership with London – achieved rapid growth in Special Purpose Acquisition Company (SPAC) services, as well as a raft of service lines in support of Dutch M&A activity. Including Jersey and Luxembourg, we are now providing SPAC services in four different jurisdictions and in Luxembourg were the first firm of our type to provide services to SPACs.

### REALISING OPERATIONAL EFFICIENCIES

Operationally we made strong progress in 2021 with internal margin-enhancing projects. We restructured to work in pan-jurisdictional teams, where the changing working habits brought on by the pandemic have actually helped, with remote team collaboration becoming more normal. We have found it improves everyone's client-facing skills and knowledge. We have also deployed new technology, automating processes that were previously manual, and this has yielded measurable success and demonstrated an ability to scale, which we can introduce throughout the Division more widely in 2022. With the improved client knowledge allied to automation, client on-boarding processes, for example, can be achieved by far fewer people, and much more quickly. The best people using the best technology is a powerful combination.

We also appointed a Divisional Chief Operating Officer and an ICS Finance Director, to increase our capacity for operational programme management without affecting senior client-facing personnel. We have centralised the client on-boarding team, and a phased roll-out is underway. We have also made improvements to our global pricing forum to ensure consistency across the Division. Our teams around the world continued to provide outstanding service, and I am pleased to report sector-leading levels of employee retention.

### LOOKING AHEAD

Our work in 2022 will be about building on what we achieved in 2021, the first year of our Galaxy era. In particular, we will focus on integrating our acquisitions and developing our US business. We will also keep a strong focus on maintaining the progress we have made in margin improvement, as well as on developing our proposition and sales capabilities, to make the most of our expanding range of services.

