

INORGANIC GROWTH STRATEGY

A PROVEN TRACK RECORD OF
COMPOUNDING FOR SUSTAINABLE
LONG-TERM GROWTH

The foundation of our business will always be organic growth from new and existing clients and JTC grew through purely organic means for its first 20 years. However, we were quick to recognise changes in the market and demand from clients for a global offering delivered from a stable and sophisticated platform. Since 2010 we have announced 23 acquisitions and in doing so have refined and perfected our approach – from target identification to seamless integration.

Fundamentally, we look to do deals that make JTC a better business for the long-term and our disciplined inorganic growth strategy is driven by the interplay of three components.

Jurisdictional Strength Index (JSI) – this is a proprietary system that grades both the current JTC internal strength and overall market attractiveness of a given jurisdiction. While the precise criteria are commercially confidential, we apply them when evaluating acquisition opportunities and especially where we believe that a deal may deliver a material increase to our JSI score in a priority jurisdiction. The NESF acquisition is a good example of this, providing an entry into the high-growth US fund services market.

Core Acquisition Criteria – these are primarily concerned with how value will be added or created through each transaction. As well as straightforward increases in scale, we seek to strengthen our offering in terms of services, people, technology and processes; to create cross-selling opportunities between our Divisions and service lines and where applicable, to deliver cost synergies. The acquisitions of the Sanne Private Clients business in Jersey and the RBC CEES business met all of these criteria, albeit at different scales, and the RBC CEES acquisition is particularly exciting in terms of expanding our service offering and creating wide-ranging cross-selling opportunities.

Medium-term Focus – at a given moment in time, we will be particularly focussed on developing certain parts of the business, either in response to client demand or as part of delivering our longer-term strategy in an incremental manner. Our medium-term focus criteria help us to prioritise the high volume of M&A opportunities that we see and ensure we maintain our disciplined approach.

ACQUISITION STRATEGY

JURISDICTIONAL STRENGTH INDEX (JSI)

JTC propriety system. Ratings based on:

- Current JTC strength in a given jurisdiction
- Overall market attractiveness of that jurisdiction
- JSI scores further weight core criteria and current focus scores
- JSI for acquisitions is dovetailed with organic growth initiatives and ongoing investment in our global platform

CORE ACQUISITION CRITERIA

- Add scale or open a new territory
- Strengthen our offering (services, people, technology, processes)
- Create cross-selling opportunities
- Deliver cost synergy opportunities

MEDIUM-TERM FOCUS

- ICS with emphasis on alternative assets
- Mainland US (ICS and PCS)
- Luxembourg, UK and Ireland
- First cousin services

JTC ACQUISITION PIPELINE FEATURES

- Visibility of most deals in the sector
 - c.25 active/potential at any time
- Disciplined approach – we know when to say no



Sanne's private client business in Jersey. An experienced team and high quality book of clients that was able to seamlessly integrate into our market-leading PCS platform.

Announced:

16 March 2020



A technology-enabled fund services business with a highly experienced management team. Provides an entry point to the important, high growth US fund services market.

Announced:

2 April 2020



RBC Corporate Employee & Executive Services

A market-leading provider of employee benefit solutions to a blue-chip corporate client base. The RBC CEES business aligns completely with our shared ownership credentials.

Announced:

10 December 2020



A provider of sophisticated Depositary, AML and ESG services with offices in the UK and Ireland.

Announced:

15 February 2021

INTEGRATION EXPERTISE

WENDY HOLLEY
CHIEF OPERATING OFFICER

Our disciplined inorganic growth strategy ensures that we select the right acquisition targets, but the hard work does not end there. The ability to efficiently and effectively integrate an acquired business onto the JTC platform and – even more crucially – into the JTC culture is now a core capability of the Group. We believe that our approach and experience differentiates us in a rapidly consolidating sector that still comprises over 2,200 trust, corporate service and fund administration providers in the UK and Europe and at least 1,000 more in the US.

Our approach has been developed over more than a decade and leverages three of JTC's greatest strengths; shared ownership, operational excellence and an entrepreneurial approach.

OUR APPROACH TO INTEGRATION SITS AT THE HEART OF CAPTURING VALUE FROM ACQUISITIONS AND WE PLACE A PARTICULAR EMPHASIS ON WELCOMING PEOPLE TO OUR UNIQUE CULTURE

Shared Ownership – ultimately we are one JTC and every JTC person is an owner of the business. This 'stakeholder mentality' guides our approach to integration and means that we start with people (our new colleagues and clients) as the most important element of each integration programme. Our shared ownership culture also encourages a holistic approach to overcoming any obstacles and a focus on the long-term benefits that each acquisition will bring to the Group. Shared ownership and our compounding acquisition strategy go hand in hand as it is through the retention of talented people that we ensure service excellence and through the retention of our clients over relationships lasting an average of 10 years or more that we build value in the business.

Operational Excellence – while both the ICS and PCS Divisions have specific operational teams that support the delivery of client service excellence, the centralised Group functions (Human Resources, Information Technology, Risk & Compliance, Legal, Business Development & Marketing, Commercial, Finance, Company Secretarial and Premises) ensure a consistent and efficient approach across our global platform. All acquisitions are made with integration capacity a key consideration so that the central teams are able to provide the necessary bandwidth to manage and absorb the workload associated with acquisitions



without impacting the focus or productivity of the fee earning Divisions. The longevity of leadership in these teams also provides deep organisational knowledge, with our heads of operational functions having an average tenure of 9 years.

Entrepreneurial Approach – a favourite phrase at JTC is that 'two plus two must equal five' when it comes to acquisitions. Taking an entrepreneurial approach to our work is one of JTC's eight guiding principles and its application to integration programmes is vital to ensure that the potential value of each and every deal is fully realised over time. To further support this approach, in 2020 we strengthened our Commercial Office team, with a specific focus on rapidly identifying value creation and synergy opportunities for each acquisition and tracking these through to delivery.

Bringing it all Together – the illustration opposite shows an example integration timeline. Each acquisition is unique and this framework is tailored to take account of the characteristics of each business we acquire.

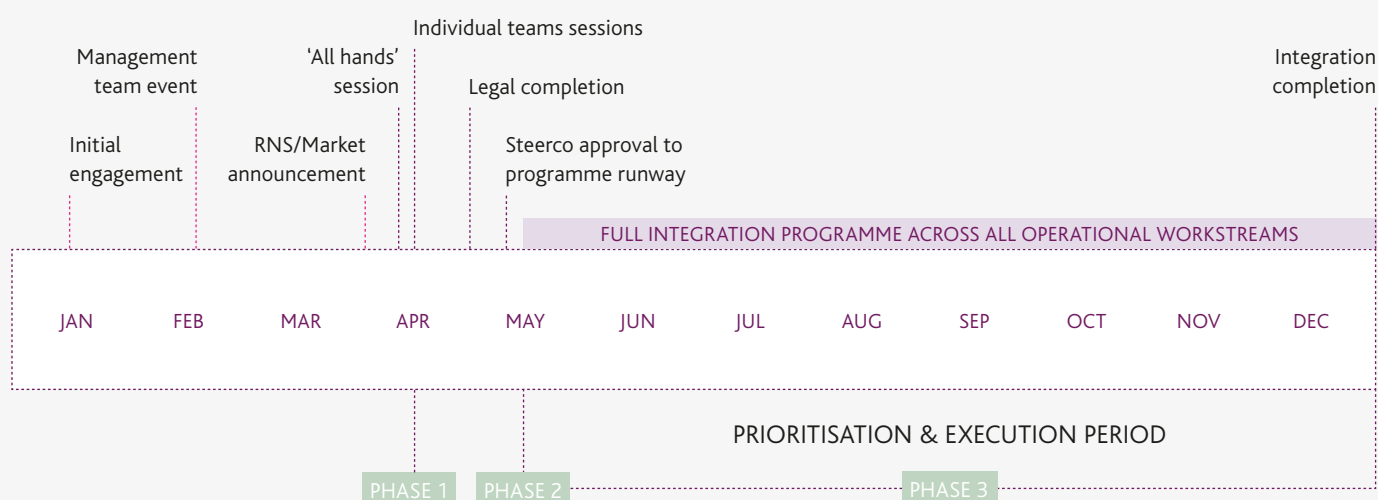
Employees welcomed in 2020

260+

Clients welcomed in 2020

900+

EXAMPLE INTEGRATION TIMELINE



PHASE 1 ACTIVITIES

- Set & agree directional strategy
- Define top level JTC leadership
- Agree integration guiding principles
- Confirm financial goals/expectations for period of plan
- Define integration programme structure
- Establish and launch workstreams & workshops
- Mobilise any quick wins and launch comms
- Prepare high-level integration roadmap
- Plan and manage any culture transition

PHASE 2 ACTIVITIES

- Complete all integration workstream workshops
- Prepare workstream charters, priorities and key decisions
- Develop and implement change of control priorities
- Identify early integration & business risks
- Set-up synergy tracking
- Analyse and define operating model
- Assess gaps, impacts and interdependencies
- Plan and manage client & employee experience

PHASE 3 ACTIVITIES

- Update integration roadmap
- Kick off full execution phase
- Define and implement readiness assessment programme
- Deploy client & employee programmes
- Build integrated environment
- Prepare integration events plan and logistics
- Execute integration event(s)
- Conduct synergy tracking
- Embed culture and employee ownership
- Transition to business as usual