

PRIVATE CLIENT SERVICES

IAIN JOHNS,
GROUP HEAD OF PRIVATE CLIENT SERVICES



The PCS Division had an outstanding year and continues to perform well. In service, efficiency and client feedback, we are meeting all our targets and levels of expectation. Dealing with private clients and families, ours is naturally a people-based business. This year, when the modifications and rigours of dealing with the pandemic have tested us, I think we have shown we really are an extension of our private clients' lives.

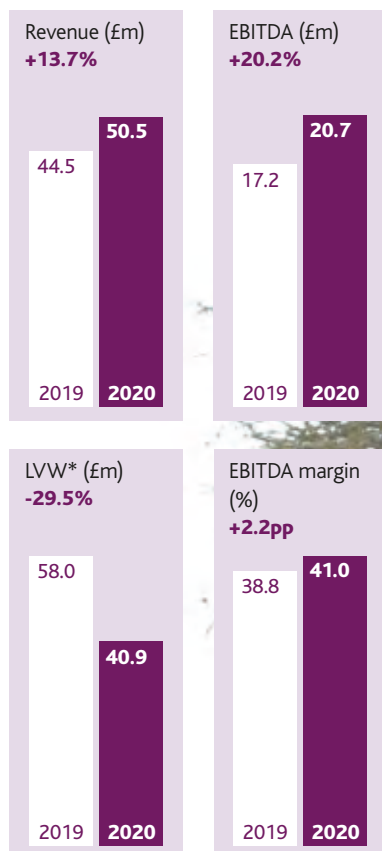
The PCS Division achieved growth in revenue of 13.7% to £50.5m, growth in underlying EBITDA of 20.2% to £20.7m and an underlying EBITDA margin improvement of 2.2pp to 41.0%. Net organic revenue growth was particularly strong at 9.0% driven by the expected increase in activity from existing clients and our ability to grow relationships over time. The annualised value of new business won was £4.5m, a reduction of the £6.0m won in 2019, reflecting the impact of Covid-19 travel restrictions on face-to-face business development work.

This year, in the face of the Covid-19 crisis, our clients have wanted support, reassurance and options to make sure their affairs are in order and that the impact



Highlights

- Acquisition and full integration of the Sanne Private Clients business
- Development and growth of JTC Private Office as client numbers rise
- Growing technological capability bringing enhancements to Edge portal
- Efficiency improvements as global, regional model beds in



*Lifetime Value Won (LVW) is 10 times annualised value of work won minus value of attrition in past year.

of the pandemic will be minimal. In doing this, we have both verified and deepened the strength of our personal, long-standing relationships with our clients, even when forced to work remotely. Covid-19 has actually demonstrated the resilience of our business. Our people rose to the challenge, and our clients received the same sensitive and empathetic experience as before.

I CAN SEE SEVERAL ROUTES TO CONTINUED GROWTH IN THE WAY THE MARKET IS DEVELOPING. A BROADER SERVICE SUITE, SUPPORTED BY LEADING TECHNOLOGY, WILL HELP ENSURE OUR CLIENTS' EXPERIENCES ARE BEST-IN-CLASS. IN ADDITION TO THIS, WE ARE SEEING FAR MORE INTEREST FROM LARGE GLOBAL INSTITUTIONS, WHICH SEE US AS A PARTNER OF CHOICE IN A PRIVATE-CLIENT ENVIRONMENT. WE HAVE ALSO DEVELOPED OUR STRATEGIC DIRECTION FOR GEOGRAPHICAL GROWTH, BOTH ORGANIC AND INORGANIC. OUR AIM IS TO REMAIN THE PRE-EMINENT PRIVATE CLIENT BUSINESS IN OUR MARKET

Given the circumstance, we might have expected a slowdown in levels of new-business activity, particularly as so much of the development of new business is conducted in person. But like-for-like comparisons show there was no drop off. Clients have been rebalancing their portfolios in different ways in response to the pandemic, restructuring their affairs, and in the circumstances, found it wise to revisit their succession planning.

Having used our proprietary Jurisdictional Strength Index as an internal tool for monitoring and improving performance, this year we have grouped

jurisdictions logically to create regional heads across the world. This recognises the growth in the Division. Now regional heads in the Americas, Caribbean, Europe and the Channel Islands, Middle East, Africa and Asia, are able to focus their time specifically on developing new business from those regions, as well as expanding our service capabilities there.

I see strong growth potential across all of our regions. The 'heat maps' on the next page show where wealth is growing and where JTC already has a strong market presence. This provides us with some strategic direction for geographical growth. In particular, I believe there is high growth potential, both organic and inorganic, for JTC in the US and good growth potential in other markets such as the Middle East and Asia.

The JTC Private Office proposition goes from strength to strength, helping us attract and develop clients who entrust JTC with substantial mandates. The number of clients paying more than £100k in fees annually rose by 25% during the year. With the addition of NESF to the Group, we plan to use the technology capabilities available to us to improve the Private Office proposition further, principally through enhancements to our Edge client portal. Clients' adoption of technology has accelerated in recent years. While we're ahead of the market generally, we are now focusing on continuing our advances in this area and finding and investing in the best solutions for clients. We will always look to innovate to make sure our clients' experiences are the best possible.

For the same reason, we are broadening and deepening our service suite so we are able to offer more to new and existing clients. We aim to bring what are currently 'first-cousin' services in house. These include treasury, banking, FX, custody and tax compliance.

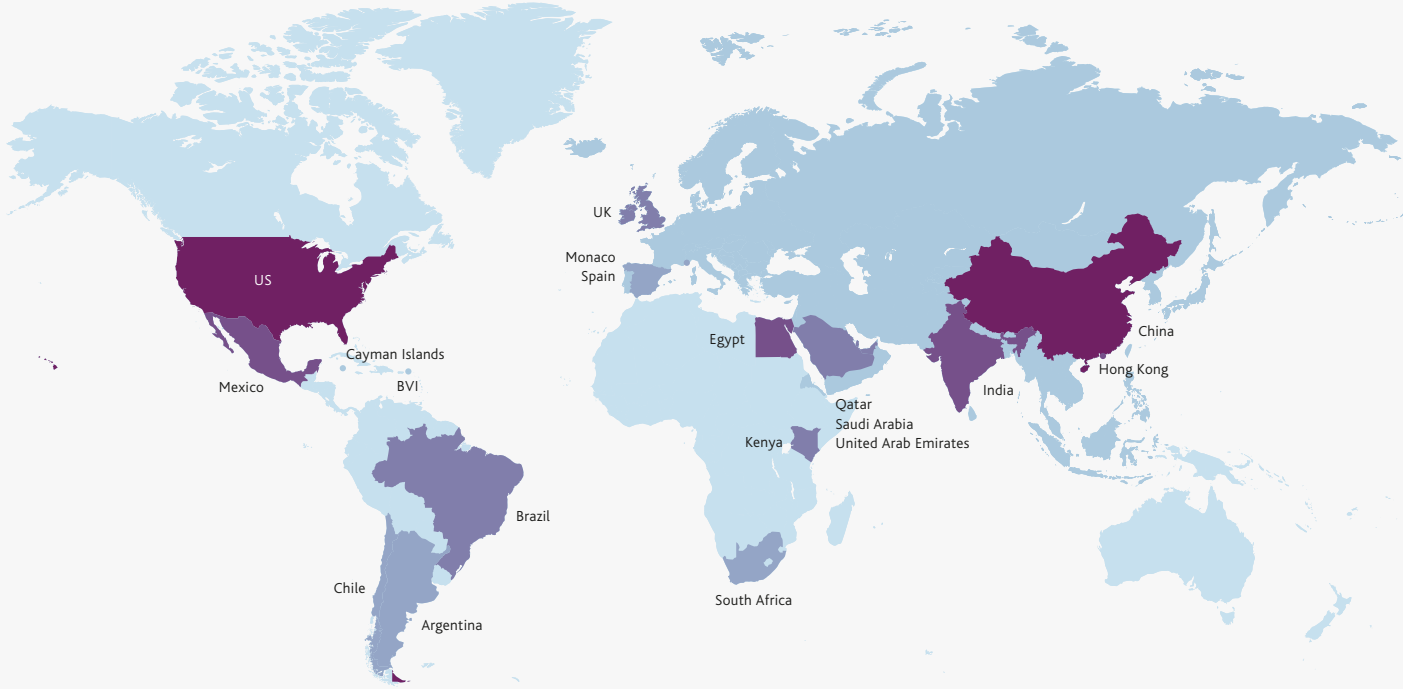
JTC'S GLOBAL CLIENT BASE

Very high High Medium-high Medium Medium-low Low



OPPORTUNITY FOR GROWTH

Very high High Medium-high Medium Medium-low Low



Resilience

Despite the challenges Covid-19 has presented, the number of UHNWIs is on the rise. The Knight Frank Wealth Report quotes that the UHNWI population grew by 2.4% in 2020, and while this is roughly a third of the growth rate of 2019, it demonstrates the resilience of the wealth market, even in unprecedented times.

(Knight Frank's UHNWI definition is wealth greater than \$30m USD)

This resilience has also been demonstrated in our business. With net organic growth of 9.0% in 2020 it is clear that JTC's Private Client Services division is growing its market share.

UHNWI population growth 2020

+2.4%

Net organic growth

9.0%



In July 2020, we completed the acquisition of the Sanne Private Clients business. We have thus welcomed to our platform a strong group of practitioners who are thriving and for whom integration is now complete. Despite managing this during the pandemic, nothing slowed the momentum of our business. We have also welcomed their clients, who will benefit from the additional services and private-client focus JTC offers, and particularly from the treasury services proposition we acquired when we purchased the Minerva business in 2018.

Ultimately, we want to be better than the market and different to the rest of the market. As well as serving clients and their families directly, we aim to be partners of choice for large global institutions in a private-client environment, and these organisations increasingly perceive us as such. In this way, we are widening our client base to the many individuals and families who are private clients of these large, highly respected institutions.

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Opportunity for Growth

As well as looking to increase market share, the private client market is growing around the world. In its 2021 Wealth Report, Knight Frank has predicted a 27% rise in the UHNWI global population over the next five years.

Knight Frank is clear that 'the US is, and will remain, the world's dominant wealth hub' over the next five years. We agree with this and are therefore building a strategy to increase our presence in the US, including providing a domestic US offering. While growth is predicted below the global average (at 24%), North America has the highest number of UHNWIs in the world (190k in 2020). The heat maps show that we are currently light in this market, which represents a huge opportunity for JTC.

Asia is leading the predicted growth charts. According to the Wealth Report, Knight Frank is predicting a 39% increase in UHNWIs over the next five years, versus the 27% global average. In 2020, there was a 12% increase, despite the global pandemic. Asia has the third largest population of UHNWIs (116k in 2020) and already has more billionaires than anywhere else in the world (36% of the global total). Again this growth prediction fits with what we expect, and we recognise that Asia could also present some big opportunities for JTC.

Africa is the region expected to see the second highest growth rates with a prediction of 33%. While this also presents a good opportunity for JTC, it's important to note that Africa's growth is coming from a small base of just 3.2k UHNWIs in the region in 2020.

Europe may have smaller growth predicted (23% in the next five years), but it remains an important region with the second largest number of UHNWIs (151k). The Middle East is predicted to grow by 25%, with Turkey leading the increase in this region.

The regional model we have established in JTC's Private Client Services division is positioned well to take advantage of these growth opportunities.

Number of UHNWIs in America (2020)

190,000

Billionaires in China as percentage of global total

36%

Predicted growth in the Middle East

25%+

