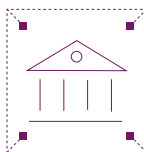


## BUSINESS REVIEW



## INSTITUTIONAL CLIENT SERVICES


**DEAN BLACKBURN**

Group Head of Institutional Client Services

### HIGHLIGHTS

- Material revenue growth, underlying EBITDA margin improvement to 31.5% and record new business wins of £17.2m
- Successful operational and commercial integration of the seven businesses acquired during 2021 helping to deliver record levels of intra-group/cross sales
- Further strategic transformation new mandate win with an international legal firm demonstrating the Group's ability to provide and implement innovative solutions to large clients with complex requirements
- Established our full service Irish funds proposition with Fund Administration licence approval by the Central Bank of Ireland
- Continuation of operational improvements (Project Blueprint) and technology investment with build out of a dedicated ICS Operations team focused on driving further efficiencies and client service enhancements

### NEW LEADERSHIP FROM WITHIN JTC

I am pleased to make my first Annual Report contribution since taking over as Interim Group Head of ICS from Jon Jennings in the second half of the year and assuming the permanent role post period end in January 2023.

Having been closely involved in the evolution of the ICS business for many years in my previous role as Group Chief Commercial Officer, the ICS Division is not new to me. It has been the fastest growing part of JTC in recent years as a result of strong levels of organic growth combined with the 12 acquisitions in the Division since our IPO in 2018. With such activity, we are becoming an increasingly diverse leadership team, leading an ever broader set of capabilities and client-centric solutions across 20 offices in 10 jurisdictions. Notwithstanding this rapid growth, with the focus on integration last year, it is pleasing to see that we have not only seen our more established jurisdictions perform well, but also our evolving platforms, which have combined to make for the particularly positive results for the year.

### A YEAR OF UNPRECEDENTED GROWTH

2022 was an especially strong year for the ICS Division, with growth in revenues to £136.7m (2021: £92.7m), and

EBITDA of £43.0m (2021: £28.0m) at an EBITDA margin of 31.5% (2021: 30.2%). The acceleration of previous growth levels, combined with improved EBITDA margins represents another important step towards completing our Galaxy era objectives ahead of the original timelines, as well as achieving our goal of establishing JTC as the first choice for partner-led, technology-enabled solutions for fund and corporate services. The new operating model described last year has now settled down well and we have since invested in the establishment of an ICS Operations office. This was to ensure continued momentum in driving through improvements in our platform and technology investments to create greater efficiencies and consistent service excellence across all our global offices, which has underpinned our success this year.

### OUR '2+2=5' APPROACH TO M&A

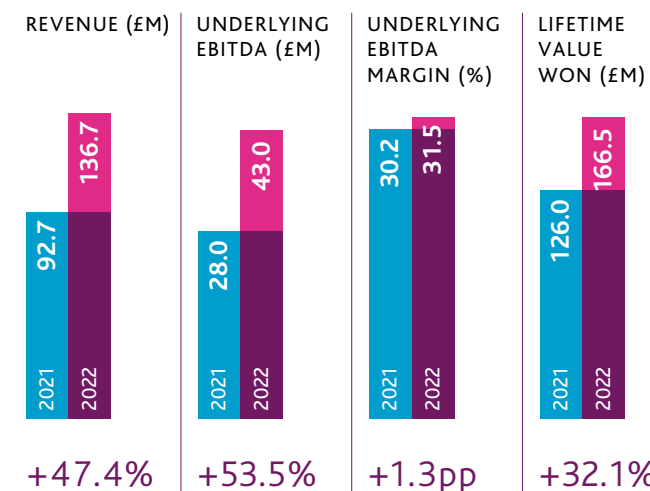
If 2021 was a year of acquisitions for ICS, with a record seven deals completed, 2022 was a year of consolidation – with each of the businesses integrating onto the JTC platform, both operationally and commercially. We reported last year our excitement around each acquisition and every one of the 330 people joining JTC given their quality, expertise and capabilities and the solutions they brought into the Group. I can safely say that we weren't disappointed with these new additions to the JTC family

having helped us deliver record levels of cross Divisional sales and organic growth for the year.

All recent acquisitions have contributed to our growth, but the combination of our enlarged US platform and the continuing success of the Employer Solutions service offering (formerly RBC cees) were particular highlights. The increased scale and capabilities in each case, combined with the existing JTC expertise and culture of collaboration and client focus, created a particularly compelling story given the respective markets they serve and their opportunity for further long-term growth.

The Employer Solutions team worked closely with our funds and corporate teams as well as the PCS Division to identify synergies in terms of operational efficiencies and business development opportunities. This, together with an enhanced marketing program, contributed to a greater rate of new business wins.

To evolve the client experience and to accelerate and drive organic growth in the Employer Solutions business, we are investing in a three year platform enhancement programme. The central objectives being to re-imagine the online experience for our plan members, and drive greater efficiency by automating previously manual processes.



## BUSINESS REVIEW: INSTITUTIONAL CLIENT SERVICES

Although 2022 focused on laying the groundwork for implementation (during 2023/2024), we delivered a number of early changes, one of which was to broaden the financial education available on our platform, helping members rationalise the need for long-term retirement savings against the day-to-day financial pressures they might experience.

The programme is due to complete in 2024 once all the main deliverables launch and the business is committed to rolling technology enhancements on an ongoing basis.

Our Irish service offering of AIFM, Depositary and Corporate Services was complemented by our Fund Administration licence being granted by the Central Bank of Ireland, which added a strategically important jurisdiction to our funds offering. I am pleased to report that the full service Irish offering saw new clients on-boarded as well as efficiencies and capabilities between Ireland, the UK and Luxembourg starting to be realised. Our Irish solutions are particularly interesting to our US colleagues where they are creating important opportunities within the US market for clients needing a European structure, and who feel closely connected to Ireland historically and culturally. The teams operate from Enniscorthy as well as the newly established Dublin office, which was opened in the summer.

2022 was also a year of reflection, evaluating the growth in the breadth and depth of our new capabilities and service offerings from both M&A activity and more recent internal innovation, and what it means for our business. We experienced an increase in – and understanding of the power of – cross-selling and collaboration across the ICS Division itself, and the wider JTC Group, helping serve more of our clients' global needs at the same time as supporting our growth ambitions. Looking back at the larger mandates that we have won in ICS in recent years, there has also been a realisation that our success in winning these more complex opportunities lies in the fact that we have gone beyond the role of a traditional service provider. We have transitioned, from an external perspective, to a trusted adviser role and can play an important role in realising strategic transformation for our clients.

### EXCEPTIONAL NEW BUSINESS WINS

Even with ongoing adverse market conditions, new business development was particularly strong, with an annualised value of £17.2m business won. This was up 31% on 2021. Our win rate also hit an all-time high of 52%, with for the first time in our history, the team now winning one in every two mandates we engaged in for new clients. Despite such a successful year for new business wins, our pipeline remains strong and we continued to make further investments in our business development and marketing capabilities and capacity to support further growth in this area.

It was also the first year since the Covid pandemic where our business development teams were able to fully engage again in external, in person activity, including travel to other jurisdictions to participate in joint client presentations and events, which had a significant impact on our profile building of the ICS business. SALI was able to host its annual IDF conference for the first time since 2019, which firmly cemented their position once again as the market-leader in the IDF space. Our technical experts were in demand, with over 30 insights pieces published in leading journals in the jurisdictions in which we operate. This, with the enhanced collaboration between the business development teams across the Group, contributed significantly to our success in 2022 and has firmly set the tone for the year ahead.

### CONTINUED FOCUS ON OPERATIONAL EFFICIENCY

Our operational framework continued to be enhanced with additional focussed resources being deployed in several key strategic regions in order to support future growth. A centralised client on-boarding team was established and is following a phased roll-out across the Division to deliver a more streamlined process as well as improved client experience.

A number of technology focussed initiatives were delivered in order to ensure the Division maximises the benefits arising from use of its specialist systems. Our core funds platform underwent an upgrade and training programme to provide further automation and enhanced capability, including further enhancements to the client online portal.

In addition, a programme of automation focussed on our open-ended funds clients continued to deliver time savings in relation to core processes such as NAV production. These developments brought efficiencies and also the ability to build further scale and deliver against a growing trend of larger and more complex client mandates.

Further governance improvements were delivered in order to ensure appropriate structure and discipline in relation to the management of our core business platforms – ensuring that the benefits arising from the initiatives mentioned above remain, and continue to be fit for purpose.

### OUR PEOPLE

We are blessed to have some of the most talented, collaborative and client-centric people in our industry who take pride in being a part of JTC and our ICS business. However, we realised that was not enough if we were to meet future and ongoing growth objectives. This year we put specific emphasis on talent management and development, facilitated through the JTC Academy, and international mobility, delivered via JTC Gateway programmes. These initiatives help us to identify and boost future talent growth and facilitate moves around our global offices to support personal development plans as well as meet business needs. We were pleased to see our team grow organically from such programmes being implemented with some of our most senior people participating, as well as the recruitment of further top talent into roles across ICS. Together, this helped to keep our employee retention levels well below industry norms, and we believe will continue to do so in the future.

### LOOKING AHEAD

As a people business, and with ICS having now grown to over 900 professionals servicing our extensive client base, our focus in 2023 will be on further supporting our teams' personal growth so that they can serve our clients even better through selective investment in our employees, technology and infrastructure. We will continue to build out and develop our US platform, both organically and inorganically, while also selectively investing in Europe and the UK where suitable opportunities arise. Operationally, we will continue to use technology and process improvements to make the business more efficient and support consistently high levels of client experience as we grow further and close out our Galaxy era.

