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## John Ruskin

Institutional Services

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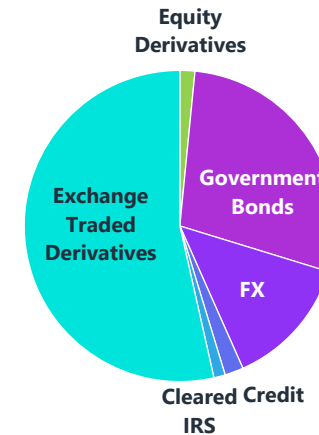
# Institutional Services

## Overview

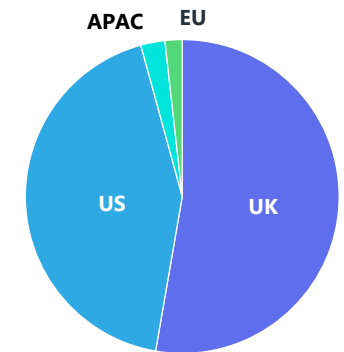


- **IS helps a wide range of investors with their execution and investment process, from trade conception to post trade analytics**
  - **Focused on buy-side clients:** hedge funds, asset managers, corporates and family offices
  - **We originate** new execution flows into
    - our bank partners, exchanges & other venues
    - in multiple asset classes and product groups
    - across all time zones
- **IS executes client transactions** across FX, Listed Derivatives, Government Bonds and Interest Rate Swaps
- **Global presence with offices in the US, London, Paris and Singapore**
  - Headcount > 100
  - Led by highly experienced sales leaders

IS Revenue Mix<sup>1</sup> (by Product)



IS Revenue Mix<sup>1</sup> (by Region)



IS Services Mix<sup>1</sup> (as % of Revenue)



1. Based on 9M 2020 data

# Institutional Services

Successful growth trajectory so far



- **Since inception, IS revenues have expanded through**

- **Acquisition of COEX** (Nov 2017)

- **CAGR of c.21%**

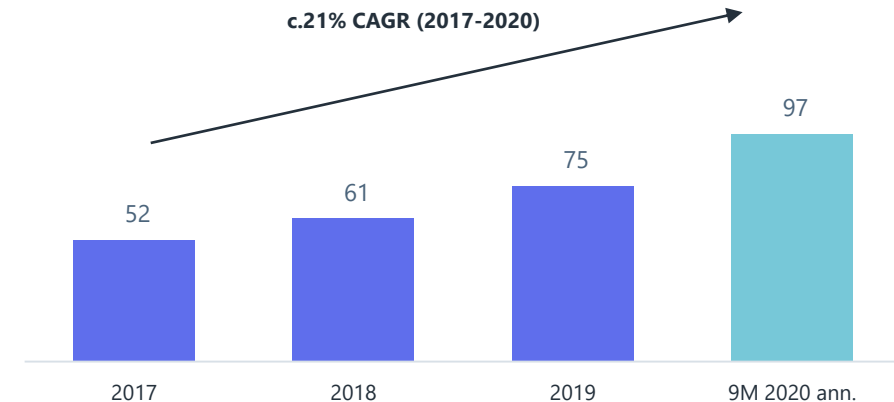
- As a relatively new arrival, IS has built from the ground up on the latest possible platforms creating an efficiency advantage. We will use our efficiency advantage for different ends as we move through our growth phases:

- To drive long term revenue growth through platform and headcount buildout
- To maximise margin growth
- To move gradually from a) to b) as we complete our buildout

- **Continued execution of our growth strategy**

- Broadening asset market coverage
- Expanding geographical presence
- Facilitating higher value electronic execution services

Revenue Progression (£m)



# Institutional Services

## Overview of the “agency execution model”



- **Our interests are aligned with our clients**
  - We do not prop trade, market make or hold inventory. Where we are counterparty to our client it is solely for the purposes of settlement, billing and the maintenance of client anonymity
  - We are singularly focused on execution
- **Clients turn to us** to get difficult-to-execute trades done creating new volumes and positioning with our venues / liquidity providers
- **IS acts as a partner to clients in identifying trading opportunities**
  - Internal Factors: dislocations, relative value, liquidity events, trends and cycles
  - External Factors: macro, regulatory, funding efficiency, venue incentives
- **IS seeks to go beyond mere ‘regulatory best execution’**
  - We aim to achieve the best possible price for clients

### Agency Execution : A Growing Element of Market Structure

- Agency Execution is benefitting as **traditional dealers contend with**
  - Requirement to do more with less balance sheet
  - Declining average trade size
  - Organisational complexity
  - ‘Juniorised’ sales coverage
  - Legacy technology
  - Slow response times in Legal and Onboarding
  - Need to ration client solutions
  - Off-shored/outsourced operations
- Agency Execution is responding to **end client demand for**
  - Electronification of more complex and fragmented markets
  - Better execution outcomes
  - Transparency and Responsiveness

# Institutional Services Financial Targets

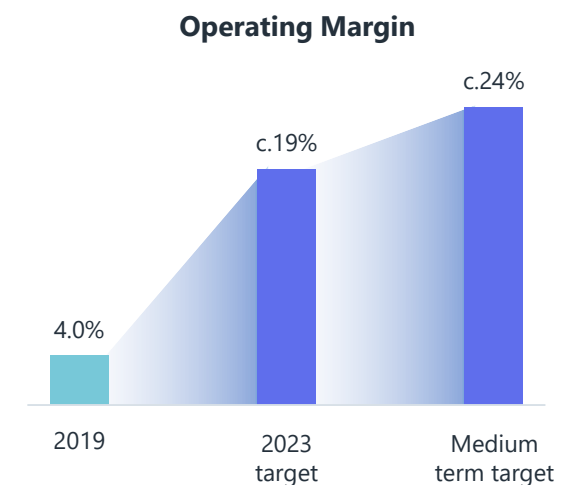
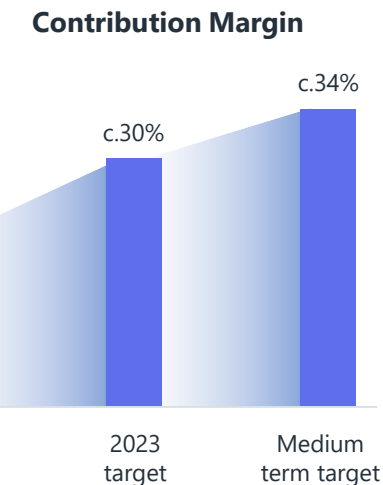


## • Financial targets

- Revenue Growth:
  - Medium term target: c.12% CAGR
- Contribution Margin:
  - 2023 target: c.30%
  - Medium term target: c.34%
- Operating Margin:
  - 2023 target: c.19%
  - Medium term target: c.24%

## • Principal drivers of Operating Margin improvement

- Revenue increase through new organic hires
- Efficiency gains through economies of scale by leveraging existing product infrastructure
- Capacity enhancements from 2020 OMS, Routing and Algo initiatives
- Scale pricing benefits accruing from recent growth / aggregation of buying power with key service providers
- Expansion of services across existing Doc'd & KYC'd clients





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## TP ICAP Capital Markets Day

1 December 2020

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