

Business Deep Dive

IFS – Investment Fund Services

29 November 2021



DEUTSCHE BÖRSE
GROUP



Clearstream as integral part of Deutsche Börse ecosystem and strong driver of Compass 2023 secular growth ambition



Post-Trade services of Deutsche Börse divided into two segments ...

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Post-Trading Core

Global leading **International Central Securities Depository (ICSD)** for bonds, equities and other asset classes with consistently high credit ratings

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Investment Fund Services (IFS)

European leading **distribution, execution and custody platform of mutual, exchange-traded, and alternative funds**

>€13tr¹

Assets
under
custody

>€3.3tr

~24%

Net revenue
contribution to
the Group²

~10%

... with IFS providing strong interlinkages within the wider group

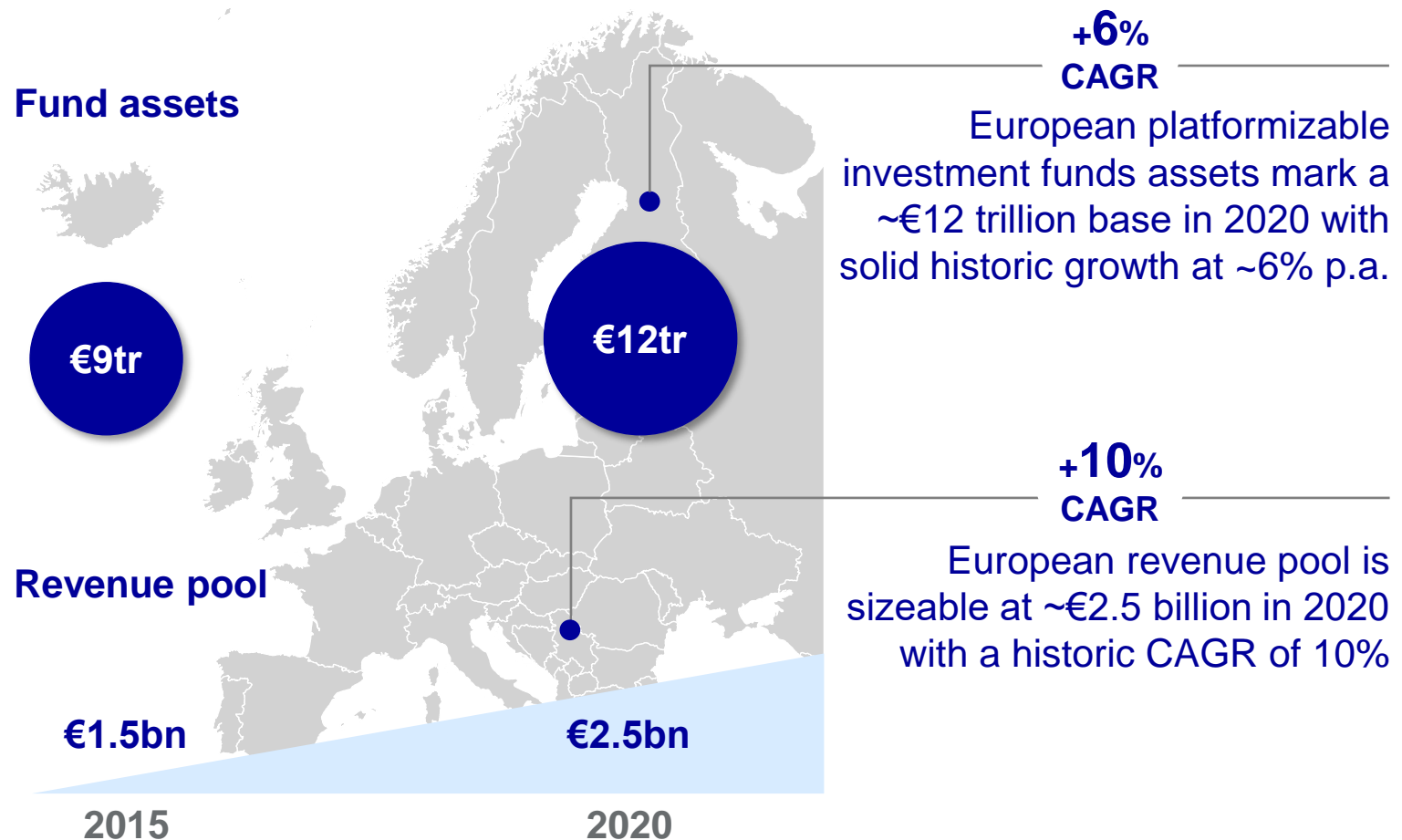
Funds being at the centre of many financial initiatives and segments across Deutsche Börse, e.g.

- **Market trend to passive investment strategy** via ETFs with Xetra offering more than 1,600 ETFs
- **Increasing importance of ESG** (Environment, Social, Governance) or SRI (Socially Responsible Investing) via Deutsche Börse's ISS franchise

1) Excluding investment funds; 2) Based on 9M/2021 net revenue of €2,575m; IFS excluding €40m one-off gain resulting from acquisition of the second tranche of Clearstream Fund Centre AG

Clearstream has built the leading European Investment Fund Services Business (“IFS”) in a highly dynamic market

European funds market 2015 – 2020¹



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Vestima

#1 European fund execution and custody platform with ~€3.3tr^{2,3} assets under custody with **>9% 2015-2020 CAGR**

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Fund Centre

#2 European fund distribution platform with ~€400bn² assets under distribution with y-o-y organic growth of ~60% in 9M/2021

Overall revenue growth of ~13% 2015-2020 CAGR while increasing operational profitability

1) European platformizable investment vehicles, covering mutual funds, unit linked and ETF; 2) Global assets; 3) Also includes specialized German funds not being part of the funds market statistics

Outlook and market trends underpinning IFS' continued growth in the global open-architecture funds platform market

Outlook

European funds market until 2025E

~€17tr
Fund
assets

+6%
CAGR

~€4bn
Revenue
pool

+10%
CAGR

Key industry trends

Execution & custody

Increasing relevance of multi-asset class capabilities with cost pressure in banking and consolidation dynamics

Distribution services

Increasing importance of independent distributors and third-party fund offering

Data & tech solutions

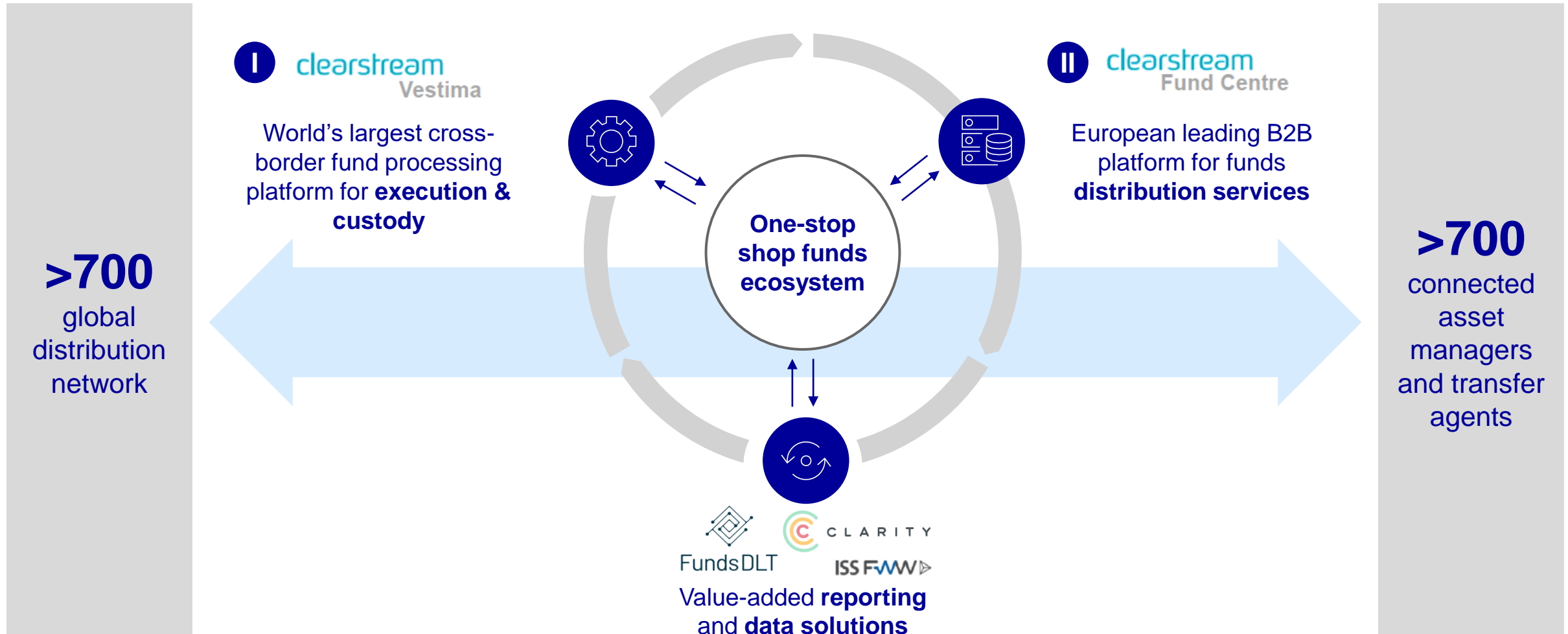
Value added services like data and ESG offering while supporting the digital transformation of clients

IFS with strong position to grow

- ✓ Leading (mutual and hedge) fund execution player with strongly growing ETF franchise
- ✓ Scalable business model, efficiency benefits for clients
- ✓ Strong outsourcing trend to open architecture platforms like Fund Centre
- ✓ Relieving clients from cost & regulatory pressure at most competitive fee rates
- ✓ Broad investments in blockchain-based technology, e.g. FundsDLT
- ✓ ISS franchise with rapidly growing proposition in ESG and distribution services

Increasing need for an integrated funds services ecosystem across the market

IFS as leading global ecosystem for funds service covering the entire value chain with three key components



Vestima as world's largest cross-border fund processing platform for execution & custody



Over the past 20 years Clearstream has built the market leading cross-border fund processing platform and has continuously been a driver for innovation, standardization and efficiency in the funds market

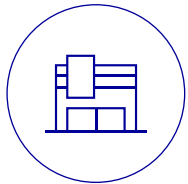
Unique positioning



Strong organic growth based on global, major client pipeline with momentum in core funds markets, e.g. APAC



(I)CSD: Clients benefit from seamless interoperability between international and domestic markets with highest asset safety



Multi-asset classes for mutual funds, ETFs and hedge funds across >200k ISINs

Key figures

>€3.3tr
fund assets under custody

>40m
transactions processed in Vestima per year

>200,000
different ISINs

>700
distributors using the platform

>700
global transfer agents connected to the platform

>20%
organic net revenue growth y-o-y in 9M/2021

Fund Centre as a leading pan-European B2B platform for fund distribution services



With the acquisitions of Swisscanto and UBS Fondcenter IFS has expanded into distribution services, becoming #2 European platform with strong growth momentum and cross-selling potential

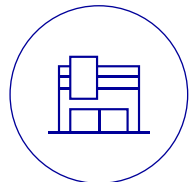
Unique positioning



Strong organic growth since acquisition driven by **low complexity**, as well as **low operational** and **administrative burden** for clients



Market leader in Switzerland and #2 in Europe with global distribution network and significant outsourcing potential



Open architecture platform with growing **value added service portfolio** for both distributors and asset managers

Key figures

>€400bn

assets under distribution

Single contract for asset managers to access

>450

global distributors

>600

Global asset managers connected to the platform

>950

fund data points available in Fund Compass

>75,000

different funds covered by agreements

>30%

organic net revenue growth y-o-y in 9M/2021

IFS' Compass 2023 strategy along four core strategic vectors supporting our growth ambitions

Four Strategic Vectors

- 1 Accelerate recent major client acquisition path**  Further accelerate **recent new client acquisition path**, winning over large global custodians and banks
Generate **network effects through a broader client base**, e.g. supporting B2C/B2B2C platforms
- 2 Bring winning proposition to new geographies**  Leverage on predominant European market position to **enter new high potential geographies** e.g., Italy, France, Spain, Nordics, UK, APAC, LATAM
- 3 Expand product capabilities**  Continuously **strengthen our predominant value proposition** in the market e.g., data/distribution analytics solutions, ETFs value proposition, etc.
- 4 Inorganic growth through targeted M&A** 

Strong track record in winning large client portfolios in top fund markets globally

Strengthen client footprint



Clearstream as **primary custodian for fund processing** of leading global banks, wealth managers and custodians

Strong track record for **large client portfolio outsourcing**, offering most competitive rates and cost efficiency to clients

Expansion into distribution services and value added service offering allows for **significant cross-selling potential**



Conquer new geographies



Successful enlargement of **leading commercial presence in key European funds markets**, e.g. Luxembourg, UK, with strong growth momentum in Australia/APAC

Market leading distribution franchise in Switzerland

11 Clearstream offices around the globe supporting geographical expansion of IFS business



Strong expansion into value-added services with focus on data solutions and technology

IFS as industry-wide driver for digitization...

Predominant digitization driver in the industry, leveraging on intra-group capabilities and resources e.g.,

- **ISS with leading analytics capabilities** as growth opportunity for **ESG solutions** and **fund data** platform FWW
- **Industry leading digital assets** (e.g., fully digital issuance platform D7, blockchain-based solution for collateral swaps HQLAx)
- **Group-wide expertise and knowledge** (>2000 IT/technology professionals and >€30m CAPEX investments p.a.)

...with FundsDLT as unique asset with strong value proposition



Value proposition to asset managers:

- FundsDLT enables asset managers to directly sell their fund to the end investors via a digital experience
- Reduce costs, improve client experience and secure the whole journey, through a full-issuance or sub-issuance model








Value proposition to distributors:

- FundsDLT provides IFAs, distributors and platforms with access to a wide range of investment funds
- Outsourcing of distributors' fund dealing back office operations and provision of a digital experience to their customer base

Strong industry shareholder base	    	Selected client explorations	 
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Proactively drive digitization across the entire funds value chain

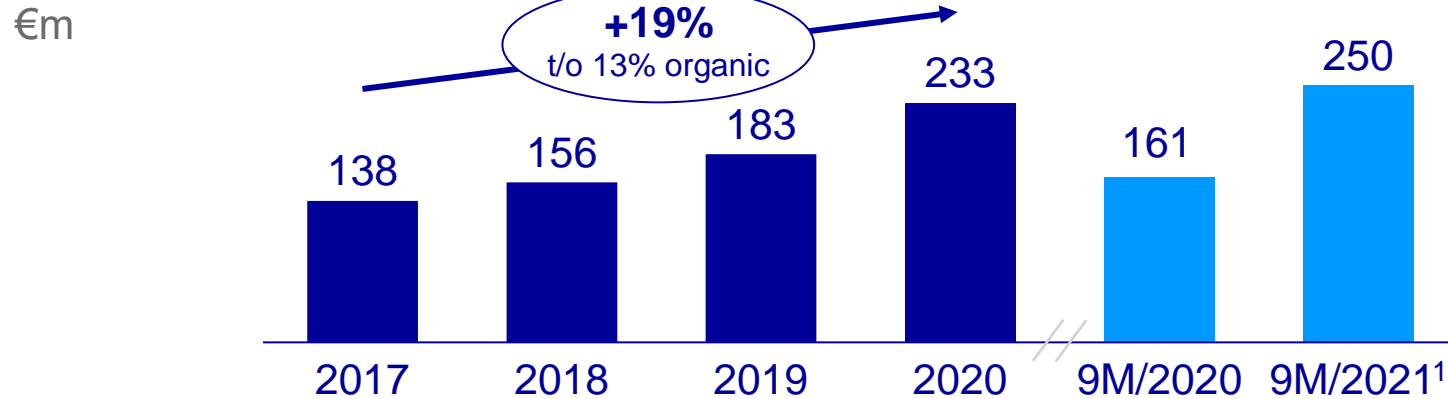
Proven M&A methodology with successful integration track record for several acquisitions

	Apr 2018	May 2019	Jan 2020 / May 2021
			
Description	<p>100% acquisition of Swisscanto Funds Centre Ltd. from Züricher Kantonalbank</p> <p>Strong market positioning with Swiss Kantonalbanks</p> <p>Merger with UBS Fondcenter in 2020 to combine distribution offering</p>	<p>100% acquisition of Ausmaq Ltd. from National Australian Bank</p> <p>Entry point to Australia as #1 fund market in Asia-Pacific</p> <p>Clearstream is now servicing global custodians in the domestic market via Ausmaq's local infrastructure</p>	<p>Carve-out of UBS Fondcenter and two-step acquisition of 100%, built on a strong industrial partnership with UBS</p> <p>Long-term service contracts signed with UBS Wealth Management / UBS Asset Management</p>
Products	<ul style="list-style-type: none"> ✓ Execution & custody ✓ Distribution services 	<ul style="list-style-type: none"> ✓ Execution & custody 	<ul style="list-style-type: none"> ✓ Distribution services
KPIs	<p>Assets under custody ~€45bn </p> <p>EV/EBITDA 2018 of ~14x </p>	<p>Assets under custody ~€35bn</p> <p>EV/EBITDA 2019 of ~9x </p>	<p>Assets under distribution ~€215bn</p> <p>EV/EBITDA 2021E of ~15x </p>

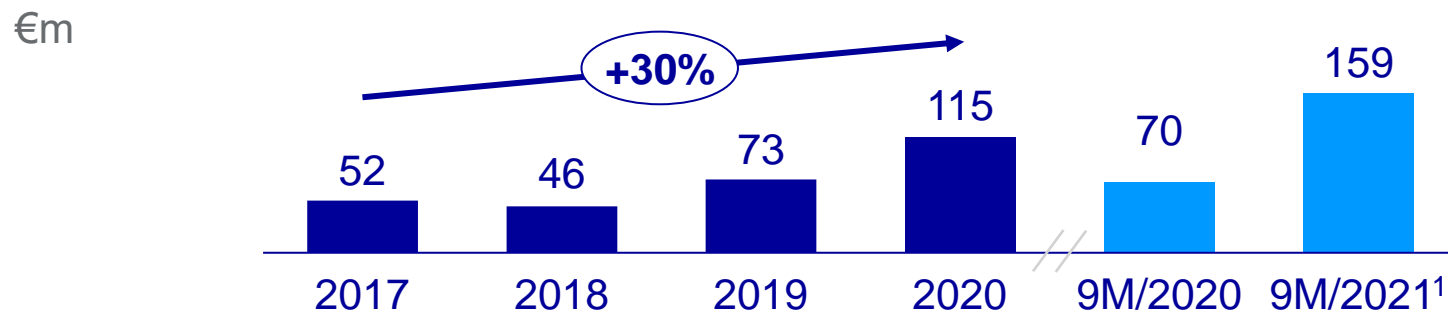
Full takeover of management and staff with early-on integration even prior to closing to ensure smooth and accelerated business integration; focus on revenue synergies, but headcount reduction has also been realized for Swisscanto

Winning strategy with committed financial ambition to deliver >15% net revenue growth until 2023

Net revenue



EBITDA all-in



1) Excluding €40m one-off gain resulting from acquisition of the second tranche of Clearstream Fund Centre AG

2021 results reconfirm our ambitious Compass 2023 guidance for IFS

>15%

NET REVENUE GROWTH
CAGR 2019-23E

t/o secular

10%
CAGR

t/o M&A closed

~6%
CAGR

Q&A



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