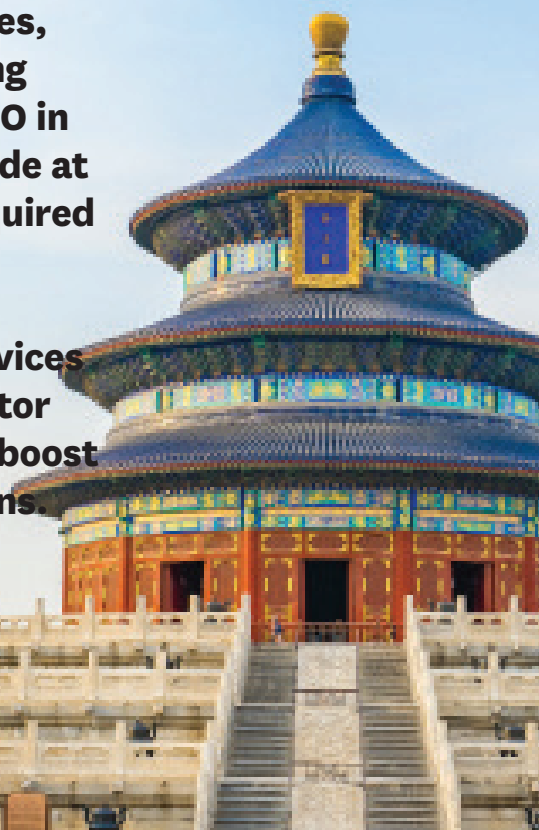


# Investor Services Group IQ-EQ Ready to Punch its Global Weight in Asia

Since the end of March, IQ-EQ is the new brand representing the former SGG Group and is today the world's fourth-largest investor services group. With a team of nearly 2500 people across 23 jurisdictions, IQ-EQ supports fund managers, global companies, family offices and private clients operating worldwide. Mark Pesco became Group CEO in January this year, after more than a decade at First Names Group, which SGG Group acquired in 2018. Hubbis, caught up with Pesco in Asia recently to learn of his vision for the company and how he aims to keep its services and products at the cutting edge of investor services worldwide, and how he plans to boost the scale and scope of the Asian operations.



**T**HE NEW IQ-EQ CORPORATE BRAND, Pesco begins, brings together a global suite of investor services companies and the rare combination of technical expertise with a deep understanding of the needs of IQ-EQ's clients.

"To deliver for our clients depends not just on our ability to provide expert services," he explains, "but equally on how well we know them and their business. We believe in personal relationships developed over time. As a brand IQ-EQ perfectly embodies this thinking and reflects who we are and what we bring to the sector. It also represents another hugely successful step on our journey and is something we're all incredibly excited about."

Pesco became the group CEO at the same time as SGG's former CEO, Serge Kranczenblum, was appointed to the new position of Group Executive Chairman and chair of the Group's Supervisory Board. At the time of the re-branding, Kranczenblum remarked that IQ-EQ was again acting as a positive disruptor in the industry.

"Our new name unifies our brands under a unique and vibrant new identity," Kranczenblum has said. "It bonds our staff under one promise of global technical expertise combined with a deep understanding of the needs of our clients. IQ-EQ stands out from the crowd and promises our clients and partners the right balance of intellectual and emotional intelligence working perfectly together."

### The evolution of IQ-EQ

IQ-EQ is a Luxembourg headquartered business, with a legacy going back over 40 plus years. It was originally founded out of a private bank and a trust services practice. Today, it is backed by French

### Key Priorities

Pesco has his hands full with bringing onboard the different businesses that have come into the group portfolio in recent times, but he has set some key objectives for his early tenure as group CEO.

"Buying a business is only the first step in our expansion plans, as we remain dedicated to the overall health of the group as manifested in our ability to grow organically," he observes. "Our focus in Asia is therefore about developing the right markets in which we can grow our operations from the ground up, which is the true benchmark of corporate health."

Having said that, Pesco's second priority is also to remain focused on acquisitions where they fit well. "Our markets are still highly fragmented and there are genuine opportunities to consolidate and achieve further economies of scale. That is especially vital with the increasing regulation we all face."

Another of his objectives is to break in to the Chinese market, where huge amounts of wealth are emerging. "It is a difficult market to break into and we want to use our key operations in Singapore and primarily Hong Kong to start to develop that strategy over the next few years."

private equity firm Astorg, which acquired the business around three years ago.

"Since that purchase," Pesco explains, "the group has been on an exciting journey in a sector where the new owners saw lots of opportunities to buy, build and consolidate."

In the past year and a half roughly, the group has completed four strategic deals. In December 2017, it bought First Names Group, a predominantly private client practice, of which Pesco was the CEO and which roughly doubled the group's headcount to 1500.

Another key deal was Lawson Conner, a business focused on regulatory compliance technology

solutions to the asset management industry, mostly London-based European asset managers. The group also acquired Augentius, another transformative deal predominantly focused on real estate private equity funds and that brought in another roughly 800 people in total.

### Rapid expansion

"The result of all this," Pesco reports, "is a group that has catapulted itself from roughly 800 people to almost 2500 in a year and a half. We have now become one of the top players in the world and the key distinguishing feature is that we provide solutions across the three product segments in our industry, private wealth, corpo-



MARK PESCO  
IQ-EQ

rate, and funds, whereas the main competitors - focus predominantly on corporate or funds, and less so on private wealth. Our strategy is the right one, we believe, as there is going to be more convergence across those three product segments over time."

Pesco explains that the growth the firm is achieving is driven because the focus is always on the director-led, high-touch quality service provided to clients. "We work hand in hand with our clients across all areas of the business and in all our dealings with them" he says. "This ethos is reflected through everything we do including our newly launched brand. This rebranding initiative is important to us at this point on our journey as it unites all of us in the business behind a shared common vision and a common culture which all of us helped create together. It's a fantastic springboard to bring us to the next stage in our growth journey."

### Asia - selecting the right growth avenues

Pesco focuses his attention specifically on Asia to explain his vision of the firm's growth potential in the region.

### Getting Personal

Mark hails from the channel island of Jersey, situated between the northern French coast and the southern English coast, and is like Guernsey and the Isle of Man a Crown Dependency.

After university at the London School of Economics, armed with his Economics Degree, he returned to Jersey, where he became a chartered accountant with PWC, spending more than a decade with the practice, some of which time was in Singapore, Melbourne, Australia and London.

"Then I had a bit of a light bulb moment," he recalls, "because although my career was going well I really wanted to run my own business and so set up a private client fiduciary business in Jersey, the Langtry Trust Group, which I later sold to what eventually became First Names Group, where I was CEO for a couple of years before taking on this new role after that business was acquired by SGG Group."

Pesco who lives in Jersey is married with two teenage daughters, aged 15 and 13. One of his passions is cooking in his spare time and enjoying the results with a nice glass of wine. "I am half Italian," he remarks, "and my father had a restaurant business in Jersey, so it is in my blood since I was very young. For me there is nothing better than family and friends talking, laughing, crying, and arguing around the table with red wine and lots of good food."

Skiing is another joy. "We love the French Alps and ski a lot in Courchevel, a great family base and fantastic skiing. Another love of mine of which I am quite evangelical is the power of mindfulness and meditation, which I have practised for about 12 years now."

In his younger days, Pesco was also an accomplished rugby player, having played club rugby in the UK. "I was largely in the backs," he recalls, "but moved positions quite a bit and frankly was not quite big enough for some of those. Today, I support Saracens, current champions of the English rugby union league."

His final comment is on his personal inclination towards transparency. "That is how I try to live my life and also how I like to run a business," he says.

“If you look at the migration of wealth, particularly the growth in personal financial assets,” he observes, “Asia represents a significant portion of that growth. But we don’t want to just plant flags across the world, we must choose the right locations in Asia that are well-regulated and transparent. We actually look to where we can evidence increasing regulation as this indicates what we refer to as “a flight to quality” jurisdictions like Singapore are excellent examples of this. We are growing our operations in the region and see a huge opportunity for growth in the future.”

**“They choose a provider like us because we can help to structure and look after their affairs in the key locations where their assets are held. And, of course, because as legislation, regulation, tax rules change, or their family circumstances change, they need to be agile in terms of where they move their wealth or to where they migrate.”**

#### **Focusing on the HNW space**

He also zooms in on the firm’s clients at the top end of the wealth spectrum. “Globally mobile families or individuals often have very complex, multi-jurisdictional assets,” he notes. “They choose a provider like us because we can help to structure and look after their affairs in the key locations where their assets are held. And, of course, because as legislation, regulation, tax rules change, or their family circumstances change, they need to be agile in terms of where they move their wealth or to where they migrate.”

Pesco adds that clients also need a firm that can provide the whole spectrum of services across the product range, not just the traditional trust structure, or asset protection structure but also Fund and Corporate structuring.

“This HNW and ultra-HNW category of clients want providers who can look after their entire wealth, their corporate affairs, their club deals with friends,” Pesco reports. “They want transparency, privacy, security while seeking out yield in this very low-interest rate environment. They want a true trustee, working with them as families, understand-

ing the internal dynamics, also helping them with structures as well as relating them to real-life circumstances. There is a growing realisation in this region that providers such as IQ-EQ can provide all of these key elements.”

#### **Not yet punching its weight in Asia**

IQ-EQ employs about 120 people in Singapore today but plans to expand rapidly in the region. “Historically SGG had only a small footprint in Singapore and Hong Kong, as did First Names Group,” Pesco reports. “Accordingly, we each lacked scale at that point in time, but we quickly

recognised that as wealth is emerging so rapidly in the region that we needed commitment here and to build scale. This thinking led us to acquire the Iyer Group took which has given us this solid footing and growing reputation in the region. With the help of the local management team we are investing in building our operations organically as well.”

To achieve its goals, IQ-EQ needs high-quality, experienced people capable of delivering the calibre service demanded by the Group which according to Pesco isn’t always easy to find in the region.

#### **People need people**

“We have found it challenging finding the quality candidates we demand to drive our businesses forward. Our business has been built on our reputation of delivering a high touch service delivered by highly experienced people everywhere we operate. Asia is no different. With our eye on expansion into the Chinese market we will continue to look to attract this talent to our business so as to allow us to achieve our key business objectives” he remarks. “I would go so far as to say it is almost a war on talent in the region, it is tough to find the right people and at the same time to maintain control on costs. We are extremely fortunate that in acquiring the Iyer Practice business back in 2018 we instantly had a team who had a deep understanding of the market. Having this group of quality people on board is proving extremely beneficial and will continue to play a key role in helping to build our knowledge of Asia and perfecting our skills at operating here.”

#### **Technology a global initiative**

Cost control and efficiencies are essential and to help achieve those,

Pesco and colleagues see technology as a global mission, not a region by region mission. “We have a five-year plan which is quite aggressive,” he reports, “we see technology as an innovator in our particular sector. What I mean by that is that the more we innovate the use of technology, the more we can improve our own internal efficiency but ultimately we improve the overall client experience with us.”

He gives examples, such as the onboarding of clients into the business using apps that automate all the way through AML, KYC checking, automating bookkeeping, allowing clients to come in and check the position of their own structures, financial statements on structures, using technologies like blockchain to make secure transfers, and secure payments.

“I think if you can harness all these facets,” he comments, “then you are going to be ahead of the competition as really nobody so far is doing this to any great depth in our sector as the tendency appears to be that everyone remains focused on clients and are not yet making the necessary investments which we believe will be the key for remaining relevant into the future. But we are, and we are looking forward to what this will deliver for our global business. This initiative is good for everyone - for our clients, for the overall health of our business and for everyone working in it.”

### Seeking scale

Moreover, building scale is very important, he adds. “If you build a scalable business, you have the ability to bring on more talented people, you have got greater depth of resource within your locations, you can provide a much wider range of services to your clients, you can invest in technology, you can make sure that you are in the right locations to look after your clients and their needs on a global scale. And you need to be of a certain size nowadays to be able to deal with the increasing cost of compliance and regulation, which many smaller players find very difficult to manage in terms of cost and management.”

Pesco concludes the discussion by redefining where the group has come from and where it is today. “You have now got global players of which there are only a small number, including us now, and they benefit from all the advantages related to scale that I have talked about,” he observes. “You have regional players, which SGG and First Names were before our group acquisitions and consolidation. And then you have the boutiques, which emerge and thrive and are often later bought up. Looking to the future I think the regional players will also continue to consolidate amongst themselves or via global consolidators.”

### Consolidation will continue

Pesco closes with a comment on the importance of private equity, which has flooded into the sector.

“Why are they attracted by this business?” he asks rhetorically. “Because we offer good quality returns, with ‘sticky’, annuity type revenues, we have extremely loyal clients who stay with us for a very long time because we look after them in the right way, we achieve good margins and high cash generation and we operate in what has been considered a highly fragmented market. All these factors are perfect for a private equity model that also likes to buy and build as part of their strategy, driving even more consolidation in the market. In a few more years, as this process continues its course, we will see very few regional players and only a few global consolidators.”

His final comment is that there will also be a consolidation of activity in the most reputable financial centres. “The quality of advisers generally in those locations, whether it is Singapore or other leading, highly-regarded jurisdictions that offer the best regulation, will continue to improve and this means that our typical clients will consolidate to those places, as they no longer want to be associated with what might be or become second or third tier jurisdictions. We saw this trend some years ago and are seeing it play out in front of our eyes.” ■



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## IQ-EQ - The New Brand that Unites A World of Investor Services Providers

After a spate of acquisitions since late 2017, IQ-EQ today unites the corporate brands and businesses of SGG Group, First Names Group, Augentius, Iyer Practice and Viacert under one single brand. IQ-EQ is itself the new corporate brand launched this year as the new face of this global investor services group. The key businesses operating within the IQ-EQ fold as of April 2019 are as below.

Equitis is a Private Equity Management Company specialising in private equity funds and trusts to meet the needs of private equity companies, bank investment teams and national and international institutional investors.

Lawson Conner is an award-winning investment manager platform and a provider of outsourced compliance solutions which includes regulatory hosting and Alternative Investment Fund Management Company Platform (AIF ManCo) and fund platform structures.

FNTC is the world's leading provider of business solutions and legal structures for resort developments. By providing support developing the best infrastructure for fractional or shared ownership resorts.

The Private Office is an exclusive lifestyle and property management company based in the heart of Mayfair, London. It operates as an elite multi-family private office, offering a highly discreet, flexible and bespoke service to meet individual lifestyle requirements.

All these businesses span the world of investor services. In IQ-EQ's literature, both the website and the marketing documents, the firm observes that in the private wealth world of increasing globalisation, greater complexity and far greater regulation and compliance, peace of mind is ever more important. To achieve that, it is vital that a family's assets, both personal and corporate, are fully protected and fully compliant.

Pesco reports that the firm champions the concept of professional service and personal touch. "The modern fund services provider needs to be more than an accountant. They need to offer multi-jurisdictional compliance and reporting services. They need to have the technology and expertise to handle multiple asset classes, complex fund structures and investor reporting demands. To be able to maintain such a comprehensive service requires scale and a deep well of knowledge."

Pesco says that IQ-EQ offers exactly that. "We assign highly experienced relationship managers, who have the skills and the tools to support clients throughout the entire process."

