

Organic Growth in Asset Servicing: From Market Tailwinds to Execution Advantage

Asset servicing remains one of the most attractive recurring revenue segments in financial services. Yet the sources of organic growth are changing: Fund administration is normalizing, private client services are providing a resilient counterweight and technology and mergers and acquisitions (M&A) are increasingly becoming tools to deepen existing client relationships rather than simply improve efficiency or add scale.

The fund administration, corporate, trust and related services (FACTS) sector has long attracted investors for **recurring revenues, long-lived structures and high switching costs.** These attributes have generally persisted, although their strength varies by company, client mix and market conditions. What is changing is the source, and therefore the quality, of organic growth. The previous cycle rewarded broad exposure to private market fundraising, new fund formation and acquisition-led platform building. As these tailwinds normalize, the next cycle may create greater dispersion between platforms. Platforms able to compound growth from existing client relationships through successor funds, additional entities, cross-sell, pricing and geographic expansion are likely to be better positioned.

Across recent transactions, existing clients have accounted for a substantial share of growth: ~80% of new business wins at one global fund administrator, ~77% of organic growth at a diversified trust, corporate and fund-services platform and ~66% of organic growth at a smaller European platform. Successor funds, new entities, additional jurisdictions, broader service scope and repricing increasingly matter as much as new-logo wins. This changes the central diligence question from simply "how fast is the market growing?" to "how effectively does the platform monetize and retain its installed client base?"

LINCOLN INTERNATIONAL

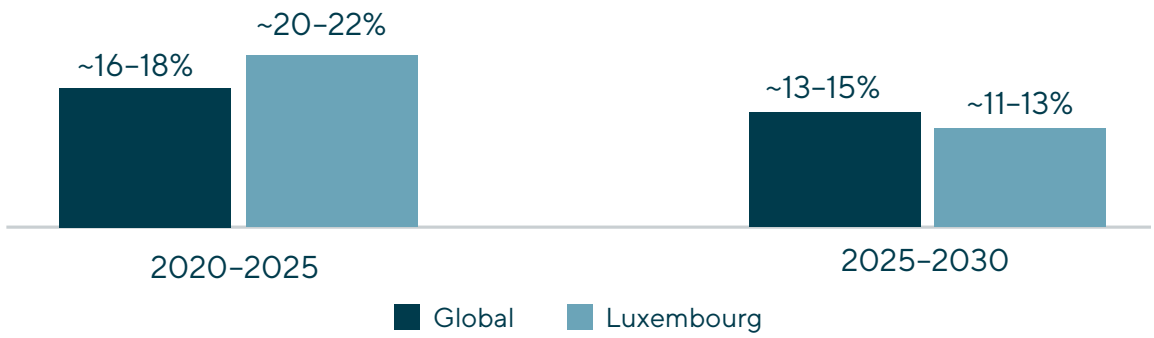
REAL CONNECTION. TRUE PERSPECTIVE.
Connect with us at www.lincolninternational.com |

Fund administration growth is normalizing

Fund administration is moving from exceptional to more sustainable growth. **Selected forward-looking estimates indicate low-to-mid-teens growth across certain attractive European segments, below the high-teens to approximately 20% rates seen in parts of the preceding period.** This reflects slower fund formation and fundraising rather than any weakening in the underlying demand for servicing. A large installed base of existing funds continues to require administration, governance and reporting, while rising outsourcing, greater complexity and broader service scope support growth even as new fund formation slows.

Growth will also vary more widely by client type, asset class and jurisdiction. Providers exposed to **managers with strong fundraising momentum, private debt and infrastructure, larger successor funds and structurally attractive domiciles** may benefit from stronger growth characteristics. Luxembourg continues to benefit from its position as a major European fund domicile, while the U.S. and Ireland remain attractive in selected segments. Smaller-fund specialists can still grow, but their economics depend more heavily on referral quality, client selection, pricing discipline and the ability to move upmarket without losing a high-touch model.

Exhibit 1: Global Fund Administration TAM Growth



Global fund administration TAM growth is expected to normalize from ~16–18% historically to ~13–15% through 2030, although these estimates are uncertain and are not predictions of any company's results. Luxembourg, a key European hub for fund administration, is expected to follow a similar trajectory at ~11–13%.

Source: Lincoln International database

This makes client base quality increasingly important. Servicing a concentrated portfolio of institutional-quality managers with strong fundraising momentum may offer superior growth characteristics to serving a larger number of subscale managers with uncertain successor fund prospects.

For investors, net revenue retention (NRR) should therefore increasingly sit alongside headline organic growth as a core KPI. NRR captures the combined impact of successor funds, entity growth, cross-sell, pricing and churn within the existing client base and provides a clearer indication of whether growth can compound independently of new-logo wins.

Private client services is the resilience anchor

Private client services (PCS) offers a different growth profile. It is typically slower than the strongest fund administration segments but provides a valuable counterweight: lower structural market growth but greater resilience, longevity and visibility of revenues. **Strong platforms can generate more than 80% recurring revenue, with revenue retention among existing clients in the high-90% range and relationships that often span more than a decade.** Fiduciary, family-office, employee reward and luxury-asset mandates are embedded in governance and succession arrangements, which makes switching difficult and limits price sensitivity.

Ultra-high-net-worth and family office mandates spanning multiple jurisdictions, asset classes and entities can generate materially higher revenue per relationship and support broader, more recurring service requirements. They can also create significant opportunities for wallet expansion as client complexity increases over time, making growth within existing relationships particularly important.

Exhibit 2: Global Private Wealth TAM Growth



Global private wealth TAM is estimated to have grown at a ~3-5% CAGR from 2020–2025, with growth estimated at ~3-5% through 2030. These estimates depend on underlying assumptions, and actual growth may differ materially

Source: Lincoln International database

Lower-value legacy books can be less attractive where compliance and servicing costs rise faster than fees. Some PCS platforms combine a Crown Dependencies base with access to faster-growing wealth corridors in the Middle East and Asia, specialist capabilities such as Islamic finance or employee reward and disciplined client selection.

For investors, PCS growth should therefore be assessed through revenue quality as much as absolute growth. Client longevity, revenue per relationship, wallet expansion, recurring-revenue mix and exposure to structurally growing wealth corridors may support revenue resilience despite lower headline TAM growth, subject to client, market and execution risks.

It is also important to distinguish market-driven asset appreciation from genuine organic revenue growth. **Growth generated through additional entities, services, jurisdictions and share of wallet provides stronger evidence of franchise development than revenue increases driven predominantly by higher underlying asset values.**

Technology is becoming commercial infrastructure

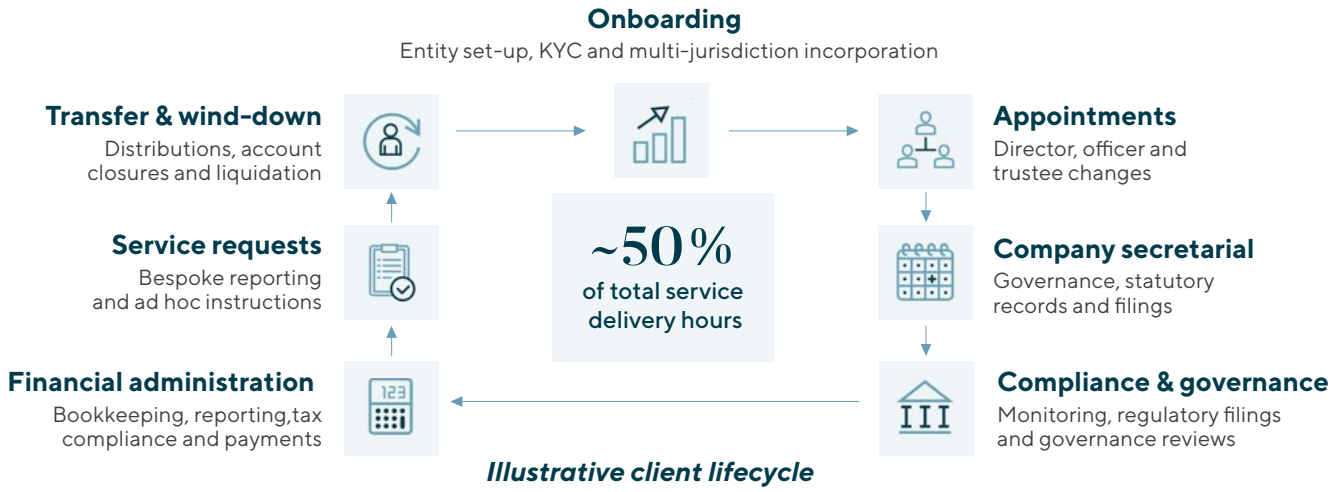
Technology is shifting from a back-office program to part of the client proposition. **Portals, automated reporting, digital access to data and integrated workflows are increasingly expected rather than a source of differentiation.** Data and analytics can support differentiated services, stronger retention and higher average revenue per entity.

Based on current use cases, the nearer-term impact of AI appears more focused on improving service delivery and operating efficiency than on wholesale provider displacement. Know-your-customer standards (KYC), document processing, governance and reporting are ripe for automation, but regulated decision-making, fiduciary accountability and the high cost of failure preserve the role of human oversight.

In the near term, potential operational benefits may include faster turnaround, improved accuracy, more proactive client service and greater capacity to scale; realized results will depend on implementation, controls and human oversight. One fund services platform identified 12 AI use cases with ~90,000 hours of potential annual time savings, based on management estimates that were not independently verified; another identified digital value-added services, regulatory reporting and data analytics as potential new revenue streams.

The investment question is therefore no longer simply how much a provider spends on technology but whether that investment translates into measurable commercial outcomes: lower cost-to-serve, faster onboarding, higher retention, improved NRR, greater operational scalability or monetizable data and reporting products.

Exhibit 3: Core FACTS Workflows with High Automation Potential



In the selected workflow assessment, core FACTS workflows identified as having high automation potential represented ~50% of service-delivery time; this estimate may not be representative of other platforms and does not reflect guaranteed savings, spanning activities across the full client lifecycle from onboarding through to transfer and closure.

Source: Lincoln International database

LINCOLN INTERNATIONAL

REAL CONNECTION. TRUE PERSPECTIVE.
Connect with us at www.lincolninternational.com |

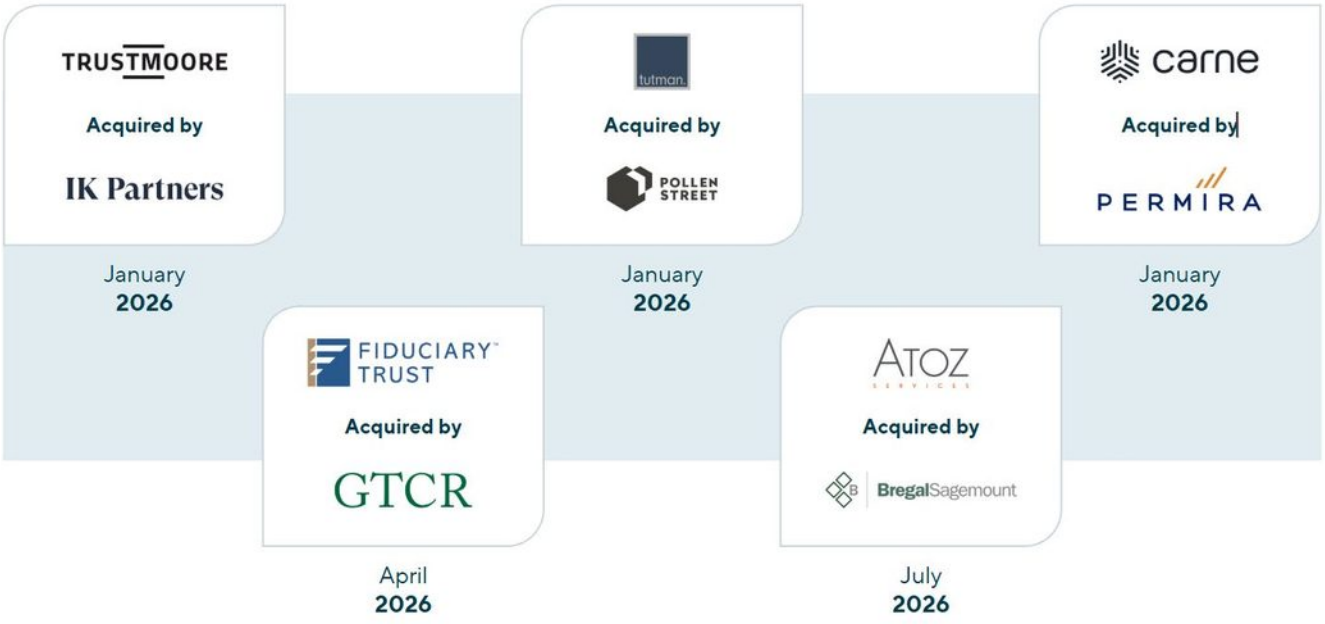
M&A is moving from platform building to capability building

Consolidation will continue, but the strategic rationale is broadening. The last cycle focused heavily on geographic scale and EBITDA accumulation. The next phase could feature a greater share of transactions focused on regulatory licences, fund administration or management company (ManCo) capability, GRC and compliance, specialist asset-class teams, technology, data products and lift-outs. The historic expansion of a global fund administrator into debt capital markets technology and data capabilities illustrates the direction; other European platforms have used acquisitions to add ManCo, UK, Luxembourg, Cayman and specialist corporate-services capability.

For buyers, the key question is no longer only what revenue the target adds on day one but **what organic growth it unlocks across the combined client base.** A smaller capability acquisition can be strategically more valuable where it opens new cross-sell paths, referral channels or upmarket credibility across an existing client base.

This also changes how M&A should be underwritten. Beyond standalone growth and cost synergies, buyers should assess the addressable revenue pool within their existing client base, the credibility and speed of cross-sell and whether the acquired capability materially improves client retention or new-business conversion.

Exhibit 4: 2026 M&A Activity Across the FACTS Market (Dates represent announcement dates)



2026 has seen continued M&A activity across the FACTS market, with several sizeable platforms acquired by leading private equity sponsors

Investor focus: decompose the growth

Headline organic growth should be separated into five underlying components: **new logos wins, client-led volume growth, cross-sell, pricing and churn.**

Investors should assess not only the level of organic growth but its quality, repeatability and capital intensity: are the underlying clients themselves winners; is NRR sustainably above 100%, are fee increases supported by greater scope and complexity rather than inflation; are referral networks institutionalized rather than relationship-dependent; and are technology and M&A improving revenue quality?

Platforms combining high retention, NRR above 100%, repeatable wallet expansion and preserved service quality may exhibit particularly attractive growth characteristics.

In the next phase of asset servicing, market exposure will remain important, but execution quality may increasingly determine who outgrows the market.

This material is for general informational purposes only and is not a recommendation to buy or sell any security or to engage in any transaction. Forward-looking statements and market-size estimates reflect assumptions and information available when prepared, are subject to uncertainty and are not guarantees. Actual outcomes may differ materially due to fundraising, market, regulatory, competitive, client-concentration, technology, integration and execution risks.

Ready to discuss the opportunities ahead for you?
Connect with a senior professional at connect@lincolninternational.com