



Record plc

Annual results

Year ended 31 March 2013

11 June 2013



Disclaimer

IMPORTANT INFORMATION

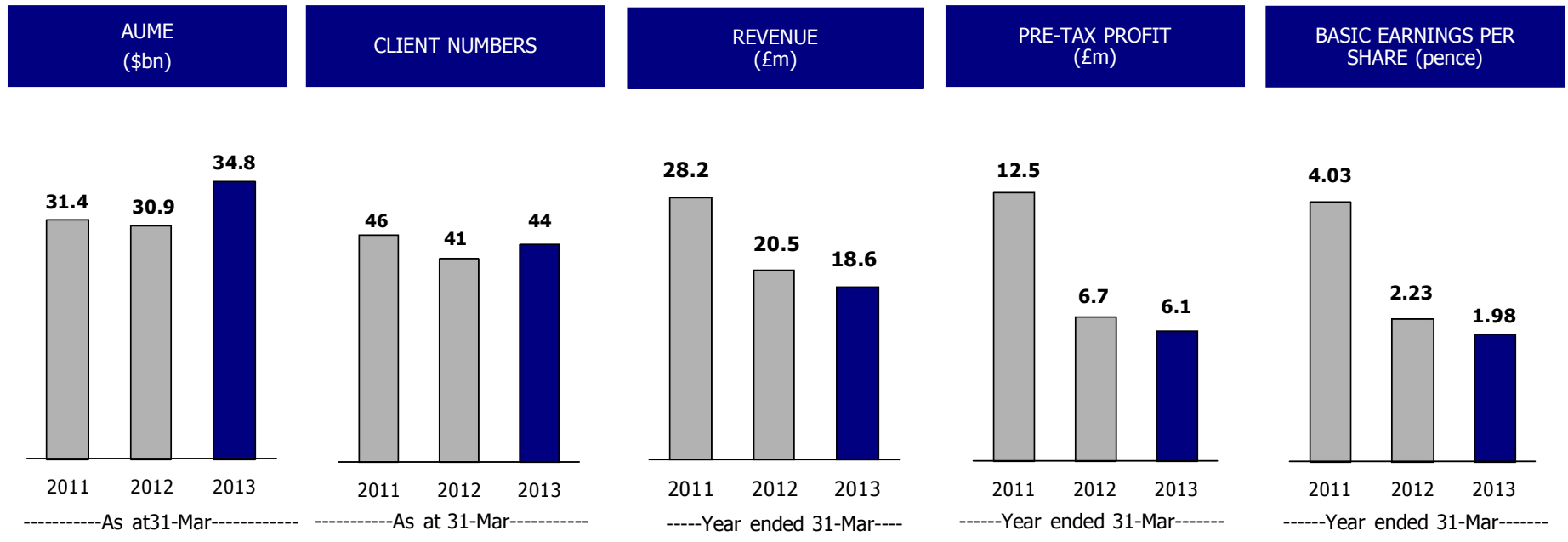
This document does not constitute an offer to sell or an invitation to buy shares in Record plc or any other invitation or inducement to engage in investment activities. Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The value of investments, and the income from them, may go down as well as up, and is not guaranteed. Past performance cannot be relied on as a guide to future performance. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this document.



Headlines

- AUME \$34.8bn at 31 March 2013 was 13% higher than the prior year
- AUME £22.9bn at 31 March 2013 was 19% higher than the prior year
- Revenue of £18.6m (down 9%)
- Pre-tax profit £6.1m (down 9%)
- Cash reserves £29.0m (up 18%)
- Client numbers up 3 in year ended 31 March 2013
- Operating profit margin for year ended 31 March 2013 of 32%, unchanged on year ended 31 March 2012
- Basic EPS 1.98p per share (2012: 2.23 p per share, down 11%)
- Proposed final dividend for the year to 31 March 2013 is 1.50p per share; total dividend for the year of 1.50p per share
- Since year end, commenced a combined passive and dynamic mandate (c\$1.7bn) and recently selected (subject to contract) for a passive mandate (c\$8bn-\$10bn)





Business strategy



Strategy

- **Maintain focus on currency and short-term interest rate management**
- **Focus on continued new sales in FY14**
- **Deliver diversification benefits from expanded product offering**
- **Enhancement of Hedging products**
- **Development of new Currency for Return strategies**
- **Sustained marketing effort in US and Switzerland**
- **Preserving cash**



Expanded product offering

■ Current products range

□ Hedging

- Dynamic Hedging
- Passive Hedging

□ Currency for Return

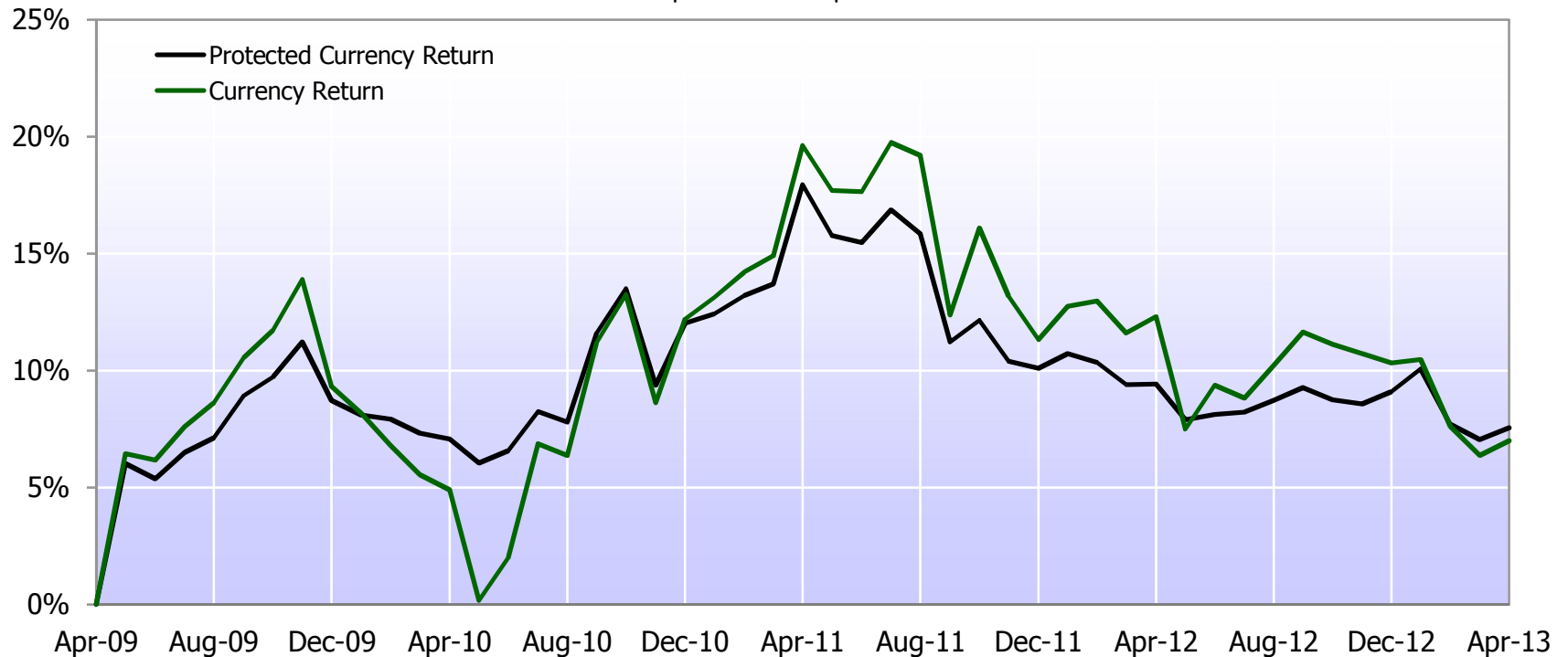
- | | |
|---------------------|-------------------------------------|
| ▪ FRB Alpha | First Live Programme February 2003 |
| ▪ FRB Beta | First Live Programme September 2009 |
| ▪ Emerging Markets | First Live Programme November 2009 |
| ▪ Currency Momentum | First Live Programme July 2012 |
| ▪ Currency Value | First Live Programme July 2012 |
| ▪ Multi-Strategy | First Live Programme July 2012 |



Product Performance

Performance of a US Dynamic Hedging Client

US Dynamic Hedging Client
30 Apr 2009 - 30 Apr 2013



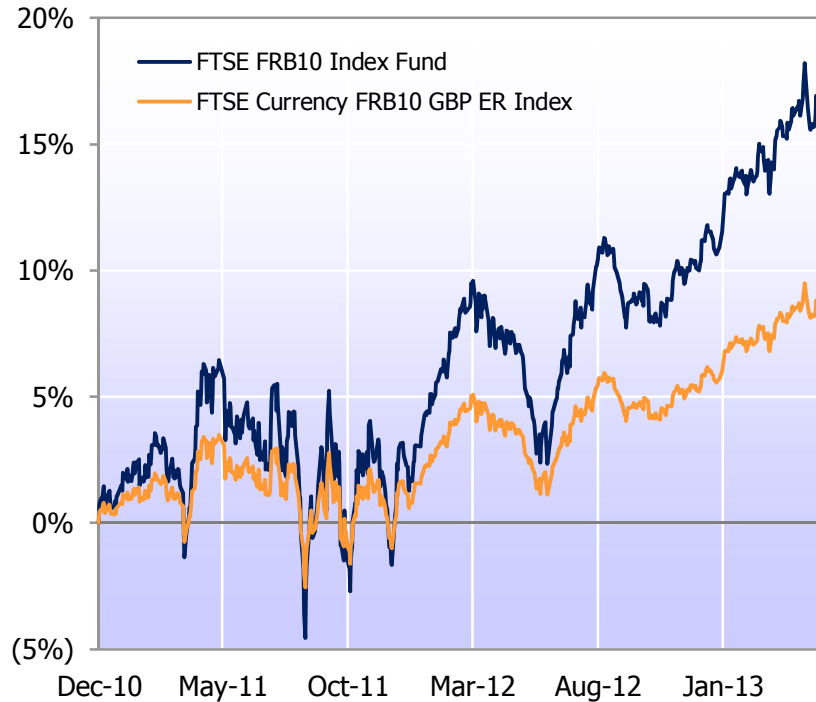
As at 30 April 2013	Protected Currency Return	Currency Return
Inception to date (cum.)	7.6%	7.0%
Inception to date (ann.)	1.8% p.a.	1.7% p.a.

Source: Record Currency Management, WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging. Data is cumulative from 30 Apr 2009.



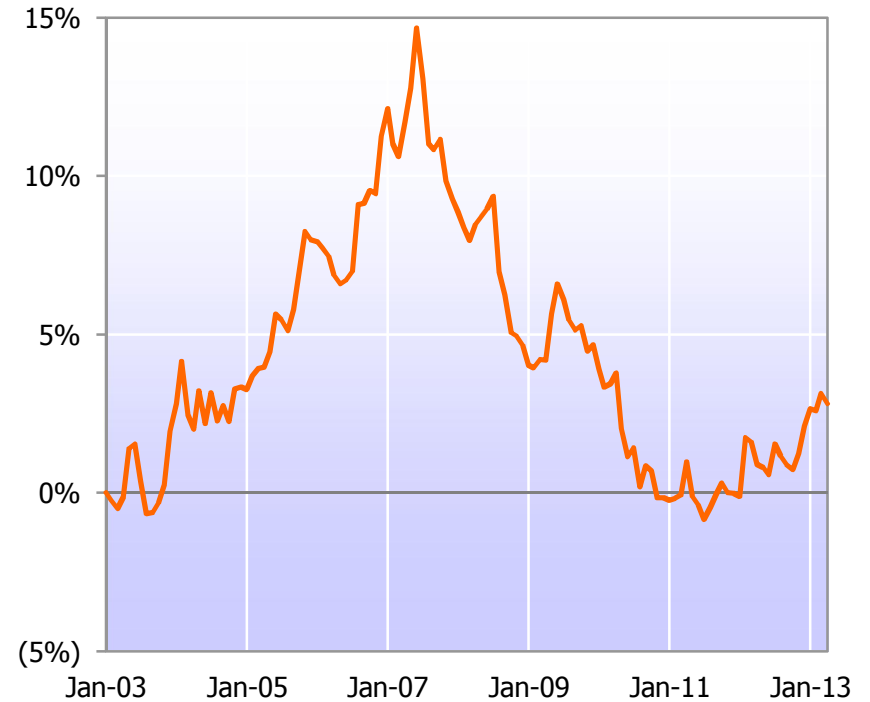
FRB10 Fund and Alpha Composite Performance

Record Currency FTSE FRB10 Index Fund
01 Dec 2010 - 30 Apr 2013



As at 30 April 2013	FTSE FRB10 Index Fund (x1.8)
Inception to date (cum.)	16.4%
Inception to date (ann.)	6.5% p.a.

Alpha Composite
31 Jan 2003 - 30 Apr 2013



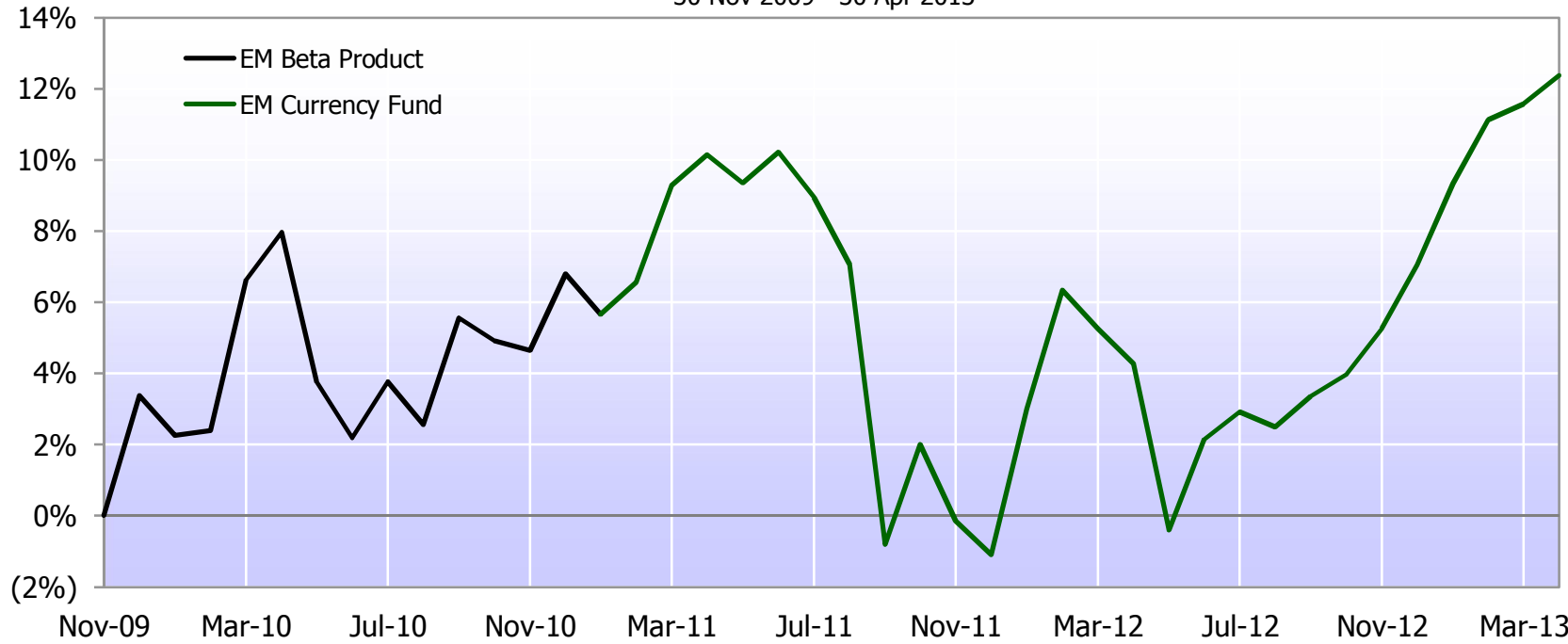
As at 30 April 2013	Alpha Composite
Inception to date (cum.)	2.8%
Inception to date (ann.)	0.3% p.a.

Source: Record Currency Management, FTSE International Ltd. Returns to 30 April 2013. Returns of all clients in the Alpha composite are weighted in US dollars and scaled to a gearing ratio of one. The volatility of returns will be greater if higher leverage is applied.



Record's Emerging Market Currency Strategy

Record Emerging Market Strategy
30 Nov 2009 - 30 Apr 2013



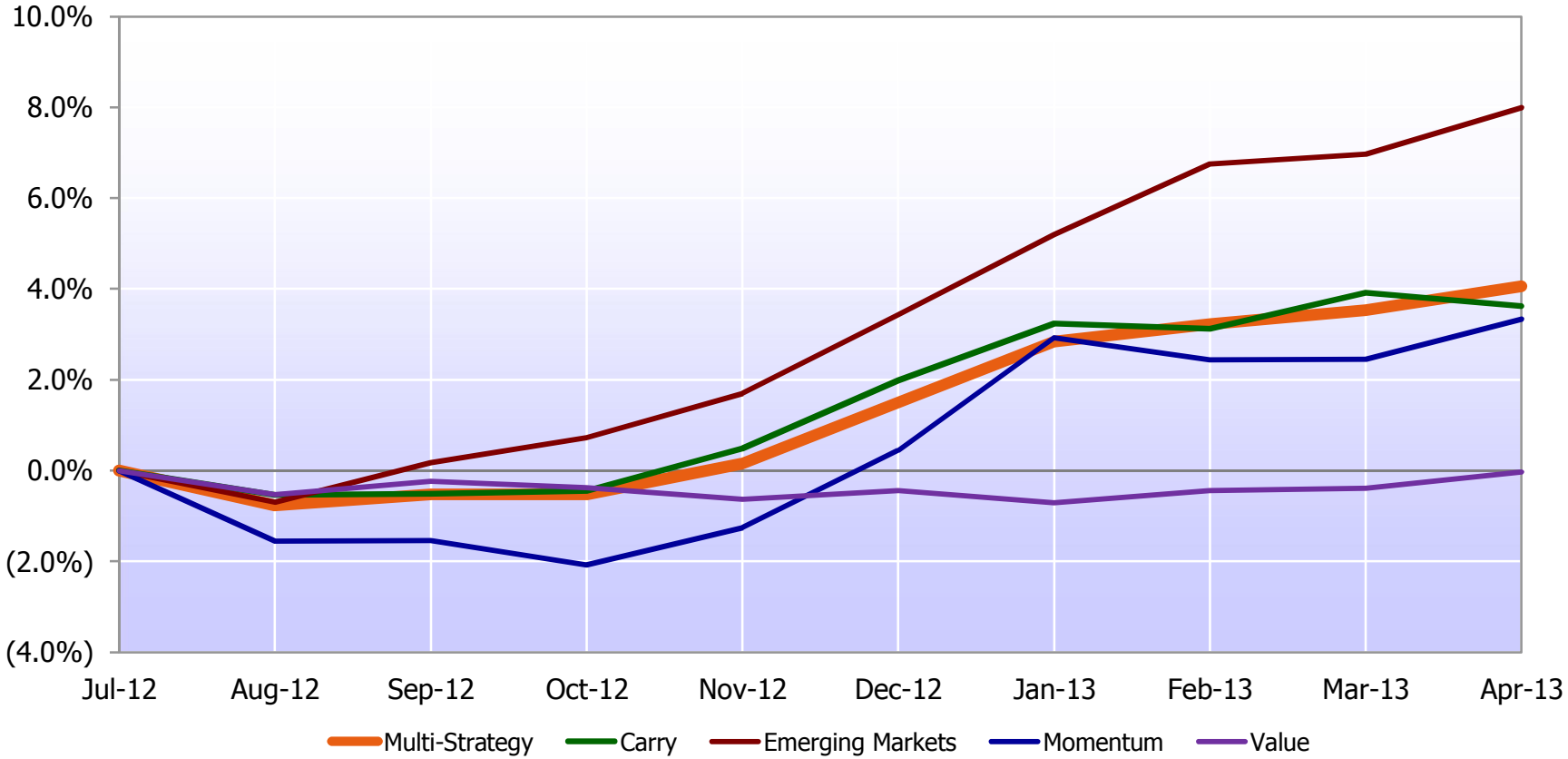
As at 30 April 2013	Emerging Market Strategy
Inception to date (cum.)	12.4%
Inception to date (ann.)	3.5% p.a.

Source: Record Currency Management. Total returns based on EM Beta product from 30 Nov 2009 to 31 Dec 2010 and Record EM currency fund from 01 Jan 2011 to 30 April 2013.



Multi-Strategy Performance

Record Multi-Strategy approach
31 July 2012 - 30 Apr 2013



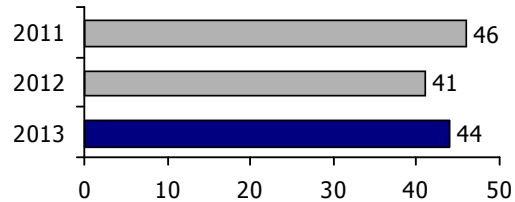
Source: Record Currency Management based on cumulative returns from inception to 30 April for a live mandate



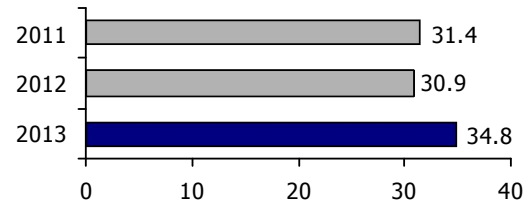
Financial Performance

Financial KPIs – Years ended 31 March

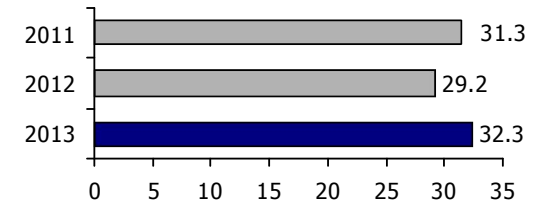
Client numbers



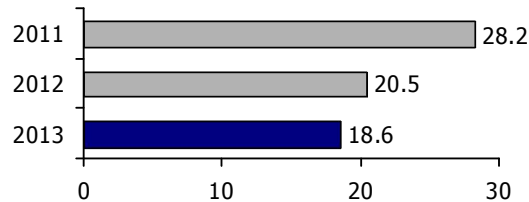
AUME (\$bn)



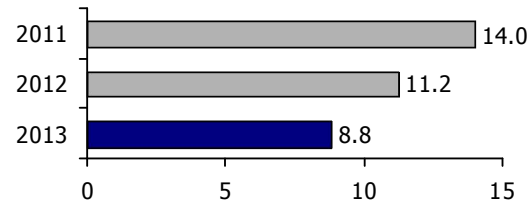
Average AUME (\$bn)



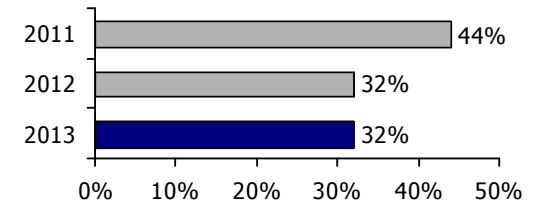
Revenue (£m)



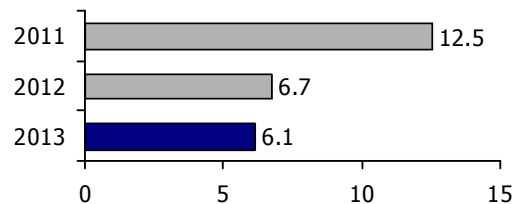
Average management fee rates (bps)



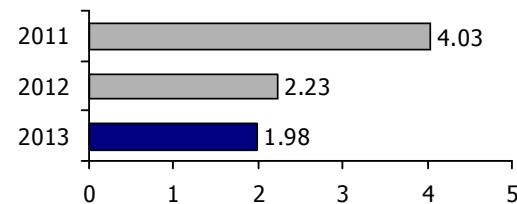
Operating margin



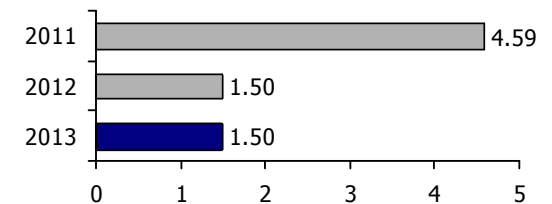
Profit before tax (£m)



EPS (pence)



Dividend (pence per share)





Financials – client numbers

Client numbers

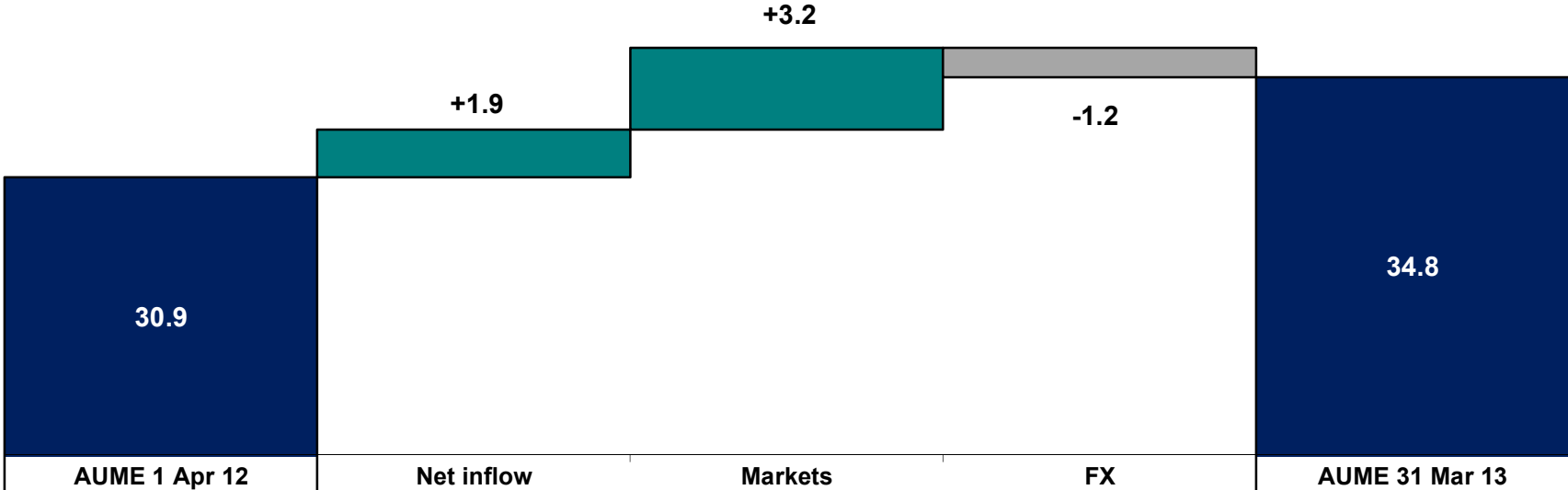
	31 Mar 12	31 Mar 13
Dynamic Hedging	9	8
Passive Hedging	22	26
Hedging	31	34
Currency for Return	14	12
Other currency management services	1	2
Less clients with >1 product	(5)	(4)
Total	41	44

Note: total of client numbers by product type is greater than total client numbers due to some clients having more than one account; for pooled fund client numbers look through pooled funds to individual investor level.



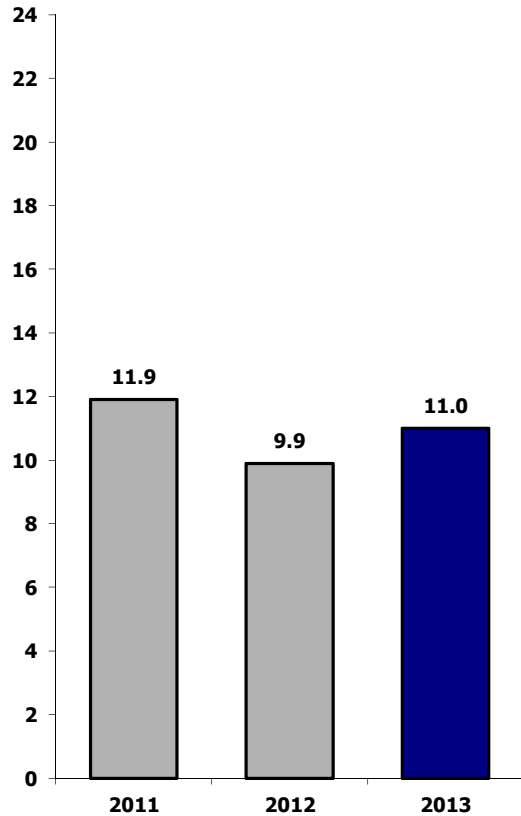
Financials – AUME movement

AUME bridge for the year ended 31 March 2013 (\$billion)

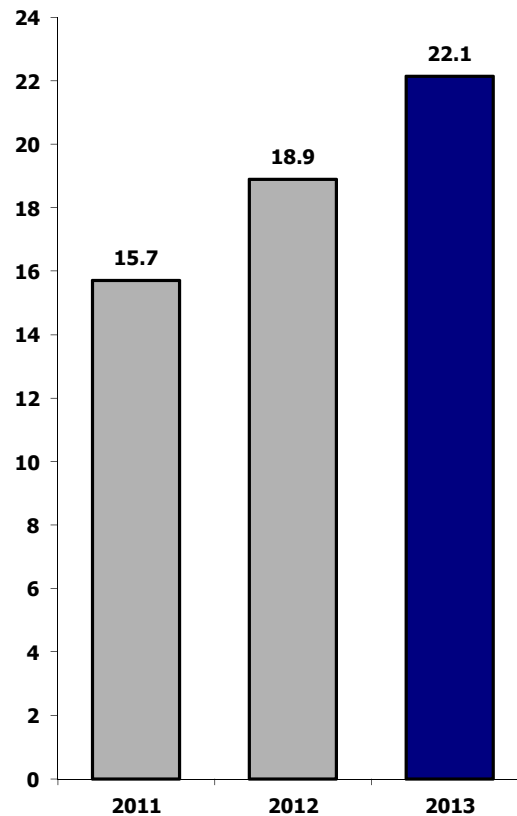


AUME by product at 31 March

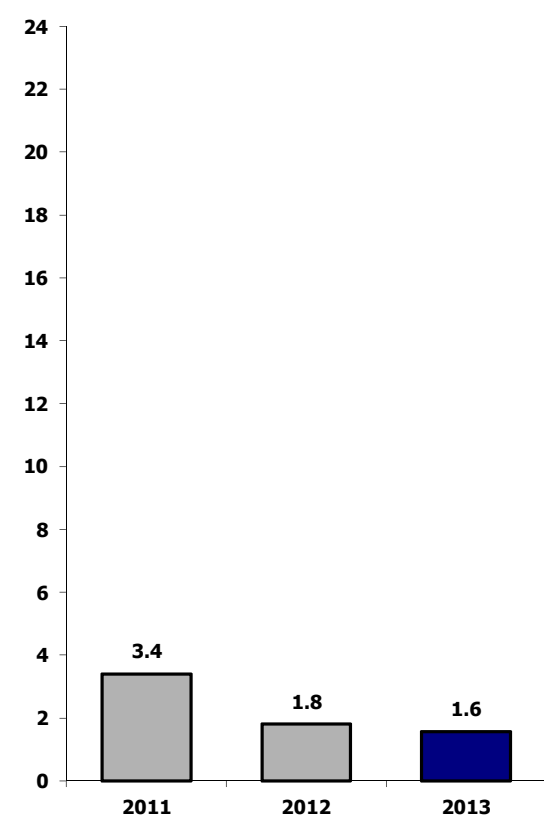
Dynamic Hedging (\$bn)



Passive Hedging (\$bn)

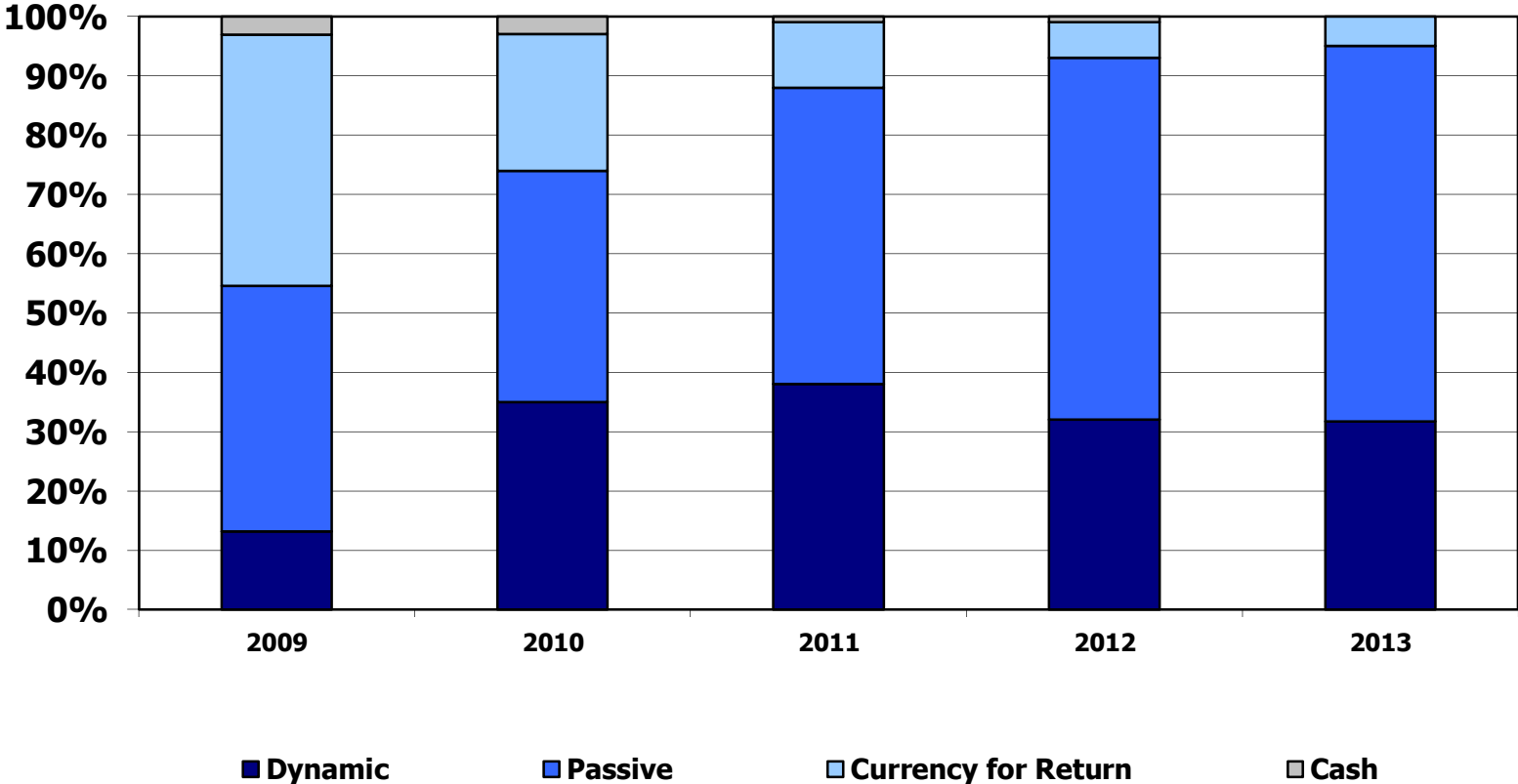


Currency for Return (\$bn)



Product mix

Product mix (by % AUME)



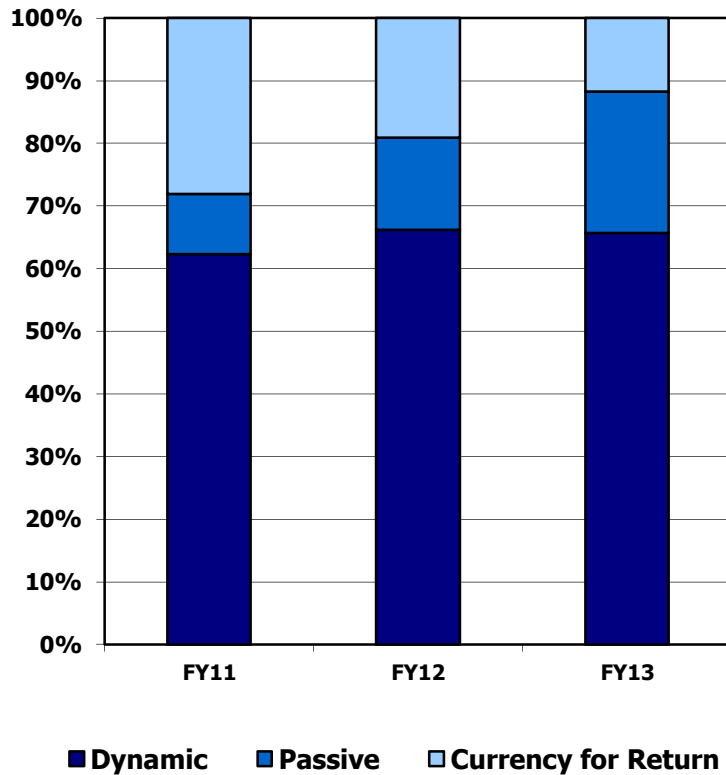


Financials – Average AUME, management fee rates & fees

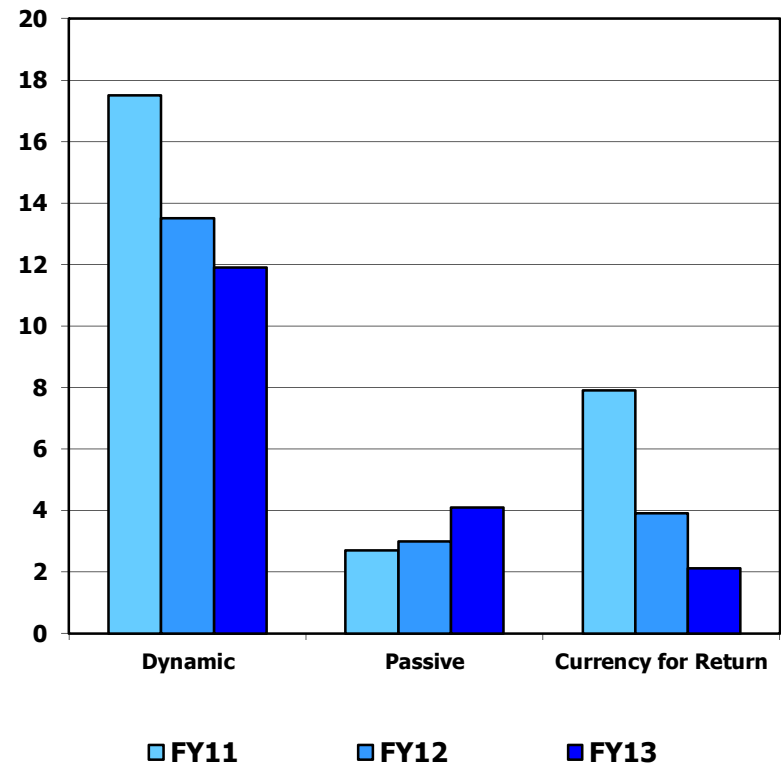
	Year ended 31 March 2012			Year ended 31 March 2013		
	Av. AUME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AUME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Dynamic Hedging	10.8	20.0	13.5	10.0	18.5	11.9
Passive Hedging	15.5	3.1	3.0	20.7	3.1	4.1
Currency for Return	2.6	23.8	3.9	1.5	22.1	2.1
Cash	0.3	-	-	0.1	-	-
Combined average	29.2	11.2	20.4	32.3	8.8	18.1

Financials – fee analysis

Management fees analysis by product



Management fees by product (£m)





Financials – income statement

	FY12	FY13
AUME at year end	\$30.9bn	\$34.8bn
Clients at year end	41	44
Income:	£m	£m
Management fees	20.4	18.1
Other income	0.1	0.5
Total Income	20.5	18.6
Cost of sales	(0.2)	(0.3)
Gross Profit	20.3	18.3
Expenditure:		
Operating costs (excl. variable remuneration)	(10.6)	(9.9)
Variable remuneration	(2.8)	(2.4)
Loss on financial instruments held as part of disposal group	(0.3)	(0.1)
Total expenditure	(13.7)	(12.4)
Operating profit	6.6	5.9
Operating Profit Margin	32%	32%
Finance income	0.1	0.2
Profit before tax	6.7	6.1



Group profit share

- **Group Profit Share Scheme is split into a 27% Profit Share Pool and a 3% Matching Pool – in line with intention to be 30% of Operating Profit over the medium term**
 - **Any US Sales incentives paid will be accounted for as cost of sales (75% in shares that are subject to 3 year 'lock in')**
 - **The aggregate cost of the Group Profit Share Scheme (including the Matching Pool) and sales incentives would be below the 35% of Operating Profit level in most reasonable scenarios**
 - **Group Profit Share Scheme is shared amongst all staff based on 'profit share units'**
 - **For all senior employees including Board Directors:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares - shares attract a matching award (funded from the Matching Pool)
 - Shares subject to 'lock up' for up to 3 years
 - **Options grants for employees (not including main Board Directors) being repeated**
 - **Approval sought at AGM for inclusion of main Board Directors in the Share Scheme (i.e. for options)**
-

Financials - earnings

Shareholders earnings

	FY12	FY13
	£m	£m
Profit before tax	6.7	6.1
Tax	(1.8)	(1.5)
Profit after tax	4.9	4.6
eps – basic	2.23p	1.98p
eps – diluted	2.23p	1.98p
Interim dividend per share	0.75p	-
Proposed final dividend per share	0.75p	1.50p
Total dividend per share	1.50p	1.50p
Dividend cover	1.5x	1.3x

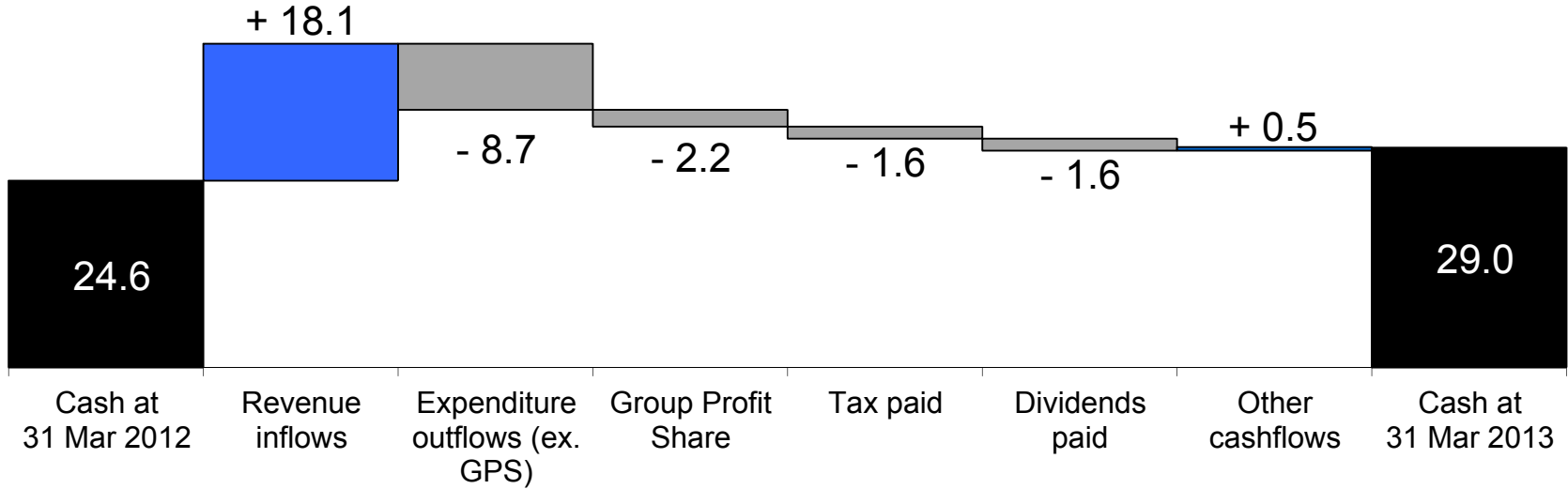
Financials – balance sheet

Balance sheet as at period end

	FY12	FY13
	£m	£m
Non-current assets	1.3	1.1
Current assets		
Trade and other receivables	5.1	5.6
Derivative financial assets	-	-
Cash and cash equivalents	24.6	29.0
Current assets held for sale	1.0	-
Total current assets	30.7	34.6
Current liabilities	(3.4)	(3.5)
Net assets	28.6	32.2
Equity attributable to owners of the parent	26.4	28.6
Non-controlling interest	2.2	3.6
Total equity	28.6	32.2

Financials - cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2013 (£m)





Appendices



Management and Board

Executive Management

Name	Position	Experience
Neil Record	Chairman	<ul style="list-style-type: none">■ Founded Record in 1983. Principal shareholder and Executive Chairman ever since■ Acknowledged as one of the leading figures in the currency investment management industry
James Wood-Collins	Chief Executive Officer	<ul style="list-style-type: none">■ Joined Record in 2008. Previously a Managing Director at JP Morgan Cazenove advising financial institutions on M&A, IPOs and related corporate finance transactions
Bob Noyen	Chief Investment Officer	<ul style="list-style-type: none">■ Joined Record in 1999 with responsibility for Investment & Research■ Previously worked as Assistant Treasurer for Minorco (now part of Anglo American plc)
Leslie Hill	Head of Client Team	<ul style="list-style-type: none">■ Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999■ Prior experience includes working at Lloyds Bank and Merrill Lynch, where she was Director and Head of Corporate Foreign Exchange Sales worldwide
Steve Cullen	Chief Financial Officer	<ul style="list-style-type: none">■ Qualified as a Chartered Accountant in 1994 and joined Record in 2003 as Financial Controller.■ Appointed to the Board and made Chief Financial Officer on 15 March 2013.

Non-Executive Directors

Name	Position	Experience
Cees Schrauwers	Senior Independent Director	<ul style="list-style-type: none">■ Formerly Managing Director, Aviva International; Managing Director, CGU Insurance; Partner, Coopers & Lybrand; Senior Independent Director Brit Insurance Holdings; Chairman Drive Assist Holdings Ltd, Guernsey Financial Services Commission; Non-executive Director of Scottish Widows Group Limited.■ Currently Chairman of the Guernsey Financial Services Commission and a Non-executive Director of Scottish Widows Group Limited
Andrew Sykes	Non-Executive Director	<ul style="list-style-type: none">■ Formerly director, Schroders plc■ Currently Chairman SVG Capital plc, Absolute Return Trust Limited and Schroders Real Estate Investment Trust Limited; Deputy Chairman of Smith & Williamson Holdings Limited, and a Non-executive Director of Gulf International Bank (UK) Limited and MBIA UK Insurance Limited
David Morrison	Non-Executive Director	<ul style="list-style-type: none">■ Director PayPoint plc; Chairman Snoozebox Holdings plc; a director of several private companies and a Non-executive director of N P Record plc between 1987 - 1996■ Founder and Chief Executive of Prospect Investment Management

AUME

- **Dynamic Hedging mandates:**

- = total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged, plus

- **Passive Hedging mandates:**

- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client, plus

- **Currency for Return mandates:**

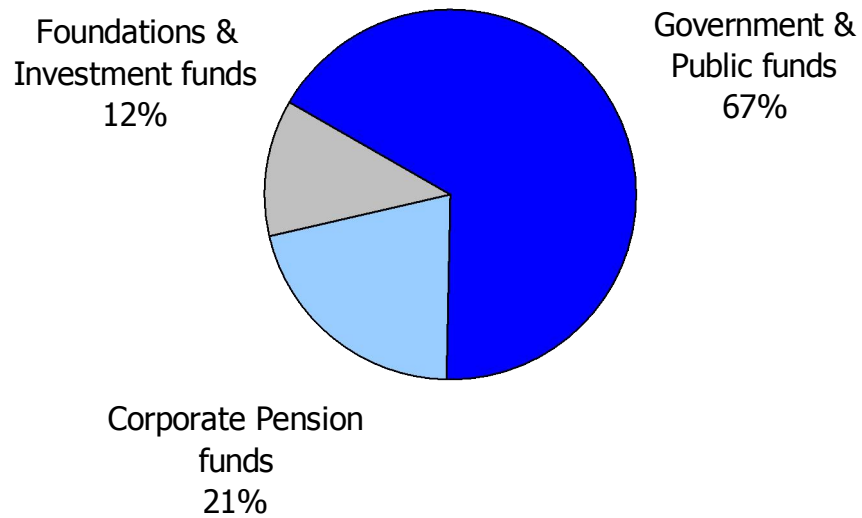
- = the maximum aggregate nominal amount of outstanding forward contracts for each client, plus

- **Cash:**

- = the total set aside by clients and managed and/or 'equitised' using futures by Record.

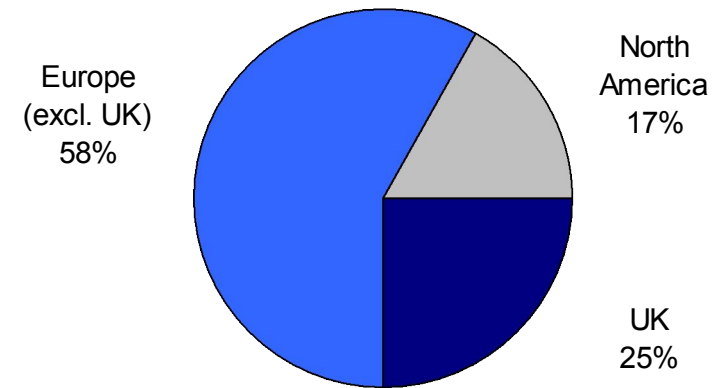
AUME analysis

Split of AUME by client type — 31 March 2013



Total: US\$34.8 billion

Split of AUME by country/region — 31 March 2013



Total: US\$34.8 billion

Note: both pie charts look through pooled funds to individual investor level



Financials – cost analysis

Emphasis on cost control

	FY12	FY13
	£m	£m
Personnel (excluding Group Profit Share)	6.4	6.0
Non-personnel cost	4.2	3.9
Loss on financial instruments held as part of disposal group	0.3	0.1
Expenditure before Group Profit Share	10.9	10.0
Group Profit Share Scheme	2.8	2.4
Total expenditure	13.7	12.4



Financials – concentration

Largest clients by FY13 fees

	AUME	Revenue	
	\$bn	£m	%
Clients 1-10	25.1	15.8	87%
Clients 11-20	7.4	1.8	10%
Other clients	2.3	0.5	3%
Total	34.8	18.1	100%