



## **RECORD plc**

### **PRESS RELEASE**

23 November 2018

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS TO 30 SEPTEMBER 2018**

Record plc, the specialist currency manager, today announces its unaudited results for the six months to 30 September 2018.

#### **Financial headlines:**

- AUME<sup>1</sup> broadly flat in USD terms at \$61.8bn (31 March 2018: \$62.2bn)
- AUME increase of 7% in GBP terms at £47.4bn (31 March 2018: £44.3bn)
- Client numbers increased to 66 (31 March 2018: 60)
- Performance fees of £1.0m (six months to 30 September 2017: £nil)
- Revenue up 3% to £12.6m (six months to 30 September 2017: £12.2m)
- Operating margin of 32% (six months to 30 September 2017: 31%)
- Profit before tax increased by 5% to £4.0m (six months to 30 September 2017: £3.8m)
- Basic EPS of 1.63 pence (six months to 30 September 2017: 1.55 pence)
- Strong financial position with shareholders' equity of £26.4m (30 September 2017: £25.8m)
- Interim dividend of 1.15 pence per share will be paid on 28 December 2018 (interim dividend in respect of six months to 30 September 2017: 1.15 pence per share)

#### **Key developments:**

- Encouraging range of new business opportunities across products and geographies.
- Continued competition and fee pressure in Passive Hedging in particular.
- Further innovation in new and existing products, as illustrated by the addition of fifth "Range-Trading" strand to Record's Multi-Strategy product, and the incorporation of ESG factors into currency management.

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<sup>1</sup> As a currency manager, Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of assets under management equivalents "AUME" and by convention this is quoted in US dollars. A full definition of AUME is provided at the end of this document.

Commenting on the results, James Wood-Collins, Chief Executive Officer of Record plc, said:

“As financial markets and client demands evolve, opportunities continue to arise for new and enhanced services. We are working hard alongside our clients to meet such demand.

“Competition and fee pressure in Passive Hedging in particular continue to put pressure on operating margins. Our approach of investing in innovative solutions to meet client demand requires ongoing investment both in systems and people.

“Our diversified product suite and our ability to offer tailored solutions to clients and potential clients continues to develop. This is exemplified by the addition of a fifth ‘Range Trading’ strand to our Multi-Strategy product, and starting the adoption of ESG factors into elements of our investment process,.

“We were pleased to announce Record’s first performance fees since March 2016, reinforcing progress made in product enhancement and diversification.

“We are focused on maintaining the highest levels of client service and innovation with the aim of taking full advantage of the opportunities arising, and of making further progress in the second half of the financial year.”

### **Analyst briefing**

There will be a presentation for analysts at 9.30am on Friday 23 November 2018 at Genkos plc offices: 6-8 Tokenhouse Yard, London, EC2R 7AS. A copy of the presentation will be made available on the Group's website at [www.recordcm.com](http://www.recordcm.com).

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## **Chief Executive Officer's statement**

The six months to 30 September 2018 saw AUME broadly unchanged in US dollar terms and increased in sterling terms. Management fees declined modestly from both halves last year, with performance fees contributing to an increase in revenues and profits.

### **Investment performance overview**

Enhanced Passive Hedging continued to offer opportunities to add value for clients, as demonstrated by the representative account shown in the "Product investment performance" section. For US Dynamic Hedging clients, performance over the period was broadly positive as the US dollar generally strengthened.

Performance of Record's Currency for Return strategies was mixed, with weakness in emerging market currencies contributing to negative returns in the Emerging Market strategy and to a lesser extent the Multi-Strategy product.

An overview of the market environment that contributed to this performance can be found in the "Market overview" section.

### **Asset flows**

AUME declined over the period by 0.6% in US dollar terms to \$61.8 billion, and grew by 7.0% in sterling terms to £47.4 billion. Net flows were flat over the period, with net inflows in Currency for Return and Dynamic Hedging of \$0.6 billion and \$0.4 billion respectively, offset by net outflows in Passive Hedging of \$1.0 billion. Market and exchange rate movements together contributed to the modest decline in AUME over the period, as set out in the "AUME development" section.

### **Products and product innovation**

We continue to focus on consistently enhancing existing products, as well as developing new products and strategies in response to client demand and market opportunities. Initiatives underway during the period include the continued adoption of enhanced Passive Hedging amongst our clients, with its consequent requirement for discretionary oversight to target episodic opportunities.

We have also continued to develop the Multi-Strategy product, with the introduction of a fifth strand, exploiting the tendency for certain currency pairs to show Range-Trading characteristics. This strand is being incorporated into client mandates on a rolling basis, and represents the most significant evolution of Multi-Strategy since its launch in 2012.

A further product development underway is to incorporate environmental, social and governance ("ESG") factors into our investment practice. We have long had a policy of managing our business in a socially-responsible fashion, and are now in the lead in understanding and applying these factors to currency management. This has led to Record becoming a signatory to the Principles for Responsible Investment, and agreeing to seed a strategy which tilts the Multi-Strategy currency portfolio in a pro-ESG manner.

During the period we extended our relationship with WisdomTree, the New York-headquartered exchange-traded fund and exchange-traded product sponsor and asset manager. This has taken the form of a licensing agreement with WisdomTree Asset Management, Inc. to provide currency signals for use in connection with a new range of models-based active exchange-traded funds. These signals include Record's first framework for hedging emerging market currencies. We are confident that this approach can also be applied in a broad number of contexts, including for other clients and investors.

### **Clients and distribution**

Client numbers have grown by 10% over the period, from 60 to 66. Following the period end we were notified of the termination of Passive Hedging mandates for two commercial relationships representing up to seven clients, as previously announced. We continue to target new clients and new categories of clients, as illustrated by the launch earlier this year of the Record Currency Multi-Strategy Fund. Although performance since inception of the

Fund has been disappointing, we continue to emphasise the strategy's longer-term track record to potential investors.

During the period Record engaged New Change FX, an independent provider of foreign exchange data and transaction cost analysis, to further enhance our commitment to deliver minimum cost and maximum transparency for clients.

Cost efficiency and transparency are a fundamental part of Record's service and this development will strengthen what we can offer clients.

## **Brexit**

We continue to monitor closely developments with respect to Brexit. Our plan, should the UK's exit from the European Union result in the permanent loss of "passporting" permissions, remains paused as outlined in Record's Annual Report 2018. We have further developed our contingency plans to address the risk of a "hard" Brexit with no transition period or other arrangements from March 2019, including communicating these plans to all affected clients.

## **Financial highlights**

Management fees of £11.4 million represented a 5% decline on the first half of last year, and a 1% decline on the second half, in part due to switching by some clients to management plus performance fee structures. Performance fees of £1.0 million (prior period: £nil) contributed to growth in revenues to £12.6 million, representing growth of 3% against the first half of last year, and 9% against the second half.

Administrative expenses were broadly maintained at £8.3 million, flat against the first half of last year and a 2% increase against the second half. As a result the operating margin grew modestly to 32%, with profit before tax of £4.0 million, a 5% rise on the first half of last year, and 14% on the second. Further details on financial performance in the period can be found in the "Financial review".

## **Board changes and dividend**

David Morrison resigned from the Board as a non-executive director with effect from 30 September 2018, having served his full nine-year term and hence no longer being deemed independent under the UK Corporate Governance Code. On behalf of all my colleagues, I would like to thank David for his advice and guidance and to wish him well for the future.

With effect from 1 October 2018 the Remuneration Committee is chaired by Tim Edwards. The Nomination Committee continues to be chaired by Jane Tufnell who is also the Senior Independent Director, and the Audit and Risk Committee continues to be chaired by Rosemary Hilary.

In line with Record's dividend policy, an interim dividend of 1.15 pence per share (interim dividend in respect of H1-18: 1.15 pence per share), will be paid on 28 December 2018 to shareholders on the register at 7 December 2018.

## **Outlook**

Record's future success will depend in large part on our responsiveness to client demand and market opportunities. The Group's management and staff are working hard to identify such opportunities and to convert them into profitable business. On behalf of the Board, I would like to thank our clients for their continued support, and our staff for their commitment and hard work.

*James Wood-Collins*

*Chief Executive Officer*

*22 November 2018*

## Interim management review

### Market overview

In the absence of any major surprises in the development of monetary policy, currency movements in the six months to 30 September 2018 were driven largely by mounting political risks for the global economy.

Trade tensions globally continued to unnerve markets. The US placed tariffs on China, and the election of an anti-establishment government in Italy put it on a collision course with European institutions. Also, the lack of meaningful progress on negotiations between the UK and EU seemingly increased the odds of a disruptive Brexit.

The sustained economic outperformance in the US, in combination with protectionist measures and the uncertain global outlook, made the most evident currency trend one of US dollar strength, with the dollar appreciating approximately 5.5% against a basket of major developed currencies.

### Operating review

#### Product investment performance

Record's enhanced Passive Hedging service aims to reduce the cost of hedging by introducing flexibility into the implementation of currency hedges, without changing the hedge ratios.

The table below shows the total value added relative to a fixed-tenor benchmark for an enhanced Passive Hedging programme for a representative account.

	<b>Value added in the 6 months ended 30 September 2018</b>	<b>Value added since inception p.a.</b>
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark <sup>2</sup>	0.03%	0.13%

During the period, US-based Dynamic Hedging clients experienced a broad based strengthening of the US dollar against developed market currencies. The Dynamic Hedging programmes responded as expected; hedge ratios varied systematically in response to currency movements and hedging returns in the programmes were positive.

The FTSE Currency FRB10 Index outperformed as gains in April and May offset losses over the later months, largely attributable to appreciation in the US dollar on the basis of strong economic results.

The Emerging Market strategy underperformed over the period, primarily as a result of depreciation in the Turkish lira linked to concerns over the independence of the Central Bank of Turkey. More generally, rising US interest rates pressured emerging market currency performance.

Investment performance in Record's Multi-Strategy offerings produced negative returns over the period as positive returns in the FRB10 strategy were offset by underperformance in the Emerging Markets, Momentum and Value strategies.

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<sup>2</sup> Since inception in October 2014.

<b>Fund name</b>	<b>Gearing</b>	<b>Half year return</b>	<b>Return since inception p.a.</b>	<b>Volatility since inception p.a.</b>
Record Currency - FTSE FRB10 Index Fund <sup>3</sup>	1.8	1.55%	1.55%	6.88%
Record Currency - Emerging Market Currency Fund <sup>4</sup>	1	(3.61%)	0.93%	6.39%
Record - Currency Multi-Strategy Fund <sup>5</sup>	5	(9.60%)	n/a	n/a

<b>Index/composite returns</b>	<b>Half year return</b>	<b>Return since inception p.a.</b>	<b>Volatility since inception p.a.</b>
FTSE Currency FRB10 GBP excess return <sup>6</sup>	0.77%	2.21%	4.54%
Record Multi-Strategy Composite <sup>7</sup>	(3.67%)	0.97%	2.68%

### **AUME development**

In US dollar terms AUME decreased marginally over the period by 0.6% to \$61.8 billion, increasing in sterling terms by 7.0% to £47.4 billion. The AUME movement over the six month period is analysed as follows:

#### ***AUME movement analysis in the six months to 30 September 2018***

	<b>\$ billion</b>
AUME at 1 April 2018	62.2
Net client flows	+0.0
Equity and other market impact	+1.3
Foreign exchange impact and mandate volatility scaling	-1.7
<b>AUME at 30 September 2018</b>	<b>61.8</b>

#### ***Net client flows by product in the six months to 30 September 2018***

	<b>\$ billion</b>
Dynamic Hedging	+0.4
Passive Hedging	-1.0
Currency for Return	+0.6
Multi-product	+0.0
<b>Total flows</b>	<b>+0.0</b>

<sup>3</sup> Record Currency - FTSE FRB10 Index Fund return data is since inception in December 2010, GBP base.

<sup>4</sup> Record Currency - Emerging Market Currency Fund return data is since inception in December 2010, GBP base.

<sup>5</sup> Record - Currency Multi-Strategy Fund return data is since inception in February 2018, GBP base.

<sup>6</sup> FTSE Currency FRB10 GBP excess return data is since December 1987, GBP base.

<sup>7</sup> Record Multi-Strategy Composite return data is since inception in July 2012, showing excess returns data gross of fees in USD base and has been scaled to a 4% target volatility.

The net inflow into Currency for Return of +\$0.6 billion represents a new Multi-Strategy client win during the period charged on a management plus performance fee basis. Normal course adjustments to the size of current Dynamic Hedging mandates resulted in net inflows of +\$0.4 billion. Passive Hedging net flows of -\$1.0 billion represent one new Passive Hedging client (+\$1.9 billion) offset by the outflow of -\$1.7 billion relating to a terminated mandate at the beginning of the period plus normal course adjustments to current mandates for other Passive Hedging clients of -\$1.2 billion.

Client numbers were 66 at the end of the period (H1-18: 59).

### **Equity and other market performance**

Record's AUME is affected by movements in equity and other market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity and other market levels.

Additional detail on the composition of assets underlying Hedging and Multi-product mandates is provided below to help illustrate more clearly the impact of equity and fixed income market movements on these mandate sizes.

### **Class of assets underlying mandates by product as at 30 September 2018**

	Equity %	Fixed income %	Other %
Dynamic Hedging	95	-	5
Passive Hedging	27	41	32
Multi-product	-	-	100

### **Forex**

As 88% of the Group's AUME is non-US dollar denominated, foreign exchange movements may have an impact on AUME when expressing non-US dollar AUME in US Dollars, although this movement does not have an equivalent impact on the sterling value of fee income.

### **Product mix**

The product mix has remained broadly constant during the period, as shown in the table below.

### **AUME composition by product**

	30 Sep 18		30 Sep 17		31 Mar 18	
	\$bn	%	\$bn	%	\$bn	%
Dynamic Hedging	4.4	7	4.5	7	4.3	7
Passive Hedging	51.7	84	51.7	85	53.0	85
Currency for Return	2.4	4	1.7	3	1.6	3
Multi-product	3.0	5	3.0	5	3.0	5
Cash and other	0.3	-	0.3	-	0.3	-
<b>Total</b>	<b>61.8</b>	<b>100</b>	<b>61.2</b>	<b>100</b>	<b>62.2</b>	<b>100</b>

## **Financial review**

### **Revenue**

Record's revenue derives from the provision of currency management services, which can be charged through management fee only or management plus performance fee structures. More recently, the enhancements made by Record to the Passive Hedging product in response to changes in FX market structure have resulted in some clients moving from a management fee only to a lower management fee with a performance-related fee.

Aggregate management fee income reduced by 5% to £11.4 million for the six month period ended 30 September 2018 (H1-18: £12.0 million). Performance fees of £1.0 million were earned during the period (H1-18: £nil), relating to performance over the six month period ended 30 June 2018.

Dynamic Hedging management fees of £2.3 million remained broadly consistent with the second half of last year, and down 18% versus the equivalent period last year predominantly due to UK-based Dynamic Hedging clients either converting to Passive Hedging or terminating in the second quarter of that year.

Passive Hedging management fees decreased by 6% over the equivalent period last year as some clients moved from a management fee only to a lower management fee with a performance-related fee. Passive Hedging management fees remained at 53% of total management fees, in line with prior periods.

Multi-Strategy Currency for Return management fees remained broadly consistent with prior periods notwithstanding net inflows of \$0.6 billion in the period. This is due to one new client mandate starting during the period on a management plus performance fee basis, and one existing client mandate moving to a bespoke service on a different and lower fee rate.

Revenue from the Multi-product category has remained broadly constant, and generated management fees of £2.2 million in the period.

#### **Revenue analysis (£m)**

	Six months ended 30 Sep 18	Six months ended 30 Sep 17	Year ended 31 Mar 18
<b>Management fees</b>			
Dynamic Hedging	2.3	2.8	5.1
Passive Hedging	6.0	6.4	12.6
Currency for Return	0.9	0.8	1.8
Multi-product	2.2	2.0	4.0
<b>Total management fees</b>	<b>11.4</b>	<b>12.0</b>	<b>23.5</b>
<b>Performance fees</b>	<b>1.0</b>	-	-
Other currency services income	0.2	0.2	0.3
<b>Total revenue</b>	<b>12.6</b>	<b>12.2</b>	<b>23.8</b>

Other currency services income consists of fees from ancillary currency management services, including gains or losses made on derivative financial instruments employed by the Group's seed funds or as a result of hedging activities, and other FX adjustments.

#### **Average management fee rates by product (bps p.a.)**

Product	Six months ended 30 Sep 18	Six months ended 30 Sep 17	Year ended 31 Mar 18
<b>Dynamic Hedging</b>	<b>14</b>	14	14
<b>Passive Hedging</b>	<b>3</b>	3	3
<b>Currency for Return</b>	<b>11</b>	17	16
<b>Multi-product</b>	<b>19</b>	18	18

The average management fee rates for most product lines have remained broadly constant over the six months ended 30 September 2018. The average management fee rate for Currency for Return has fallen as the combined result of one new client mandate starting during the period on a management plus performance fee basis and one existing client mandate moving to a bespoke



service on a different and lower fee rate, plus the impact of increased scaling of portfolio sizes for mandates with defined volatility targets, where the fee rate is linked to the target volatility.

## Expenditure

### Expenditure analysis (£m)

	Six months ended 30 Sep 18	Six months ended 30 Sep 17	Year ended 31 Mar 18
Personnel costs	4.1	4.0	7.9
Non-personnel costs	2.5	2.7	5.4
<b>Administrative expenditure excluding Group Profit Share</b>	<b>6.6</b>	<b>6.7</b>	<b>13.3</b>
Group Profit Share	1.7	1.6	3.1
<b>Total administrative expenditure</b>	<b>8.3</b>	<b>8.3</b>	<b>16.4</b>
Other income and expenditure	0.1	-	(0.2)
<b>Total expenditure</b>	<b>8.4</b>	<b>8.3</b>	<b>16.2</b>

The total administrative expenditure for the period was £8.3 million, unchanged on the six months ended 30 September 2017.

Personnel costs excluding Group Profit Share (“GPS”) increased by 3% compared to the equivalent period last year, broadly as a result of inflationary increases.

Non-personnel costs for the period are in-line with the six months ended 30 September 2017 after adjusting for the one-off costs of £0.2 million relating to the Tender Offer in July 2017.

### Group Profit Share (“GPS”) Scheme

The cost of the GPS scheme is £1.7 million for the period. The movements are in line with operating profit and the GPS continues to be calculated at 30% of pre-GPS operating profit in the relevant period.

### Operating profit and margins

Operating profit for the period was £4.0 million, up £0.2 million on the equivalent period last year. The performance fee of £1.0 million has contributed to an increase in operating profit margin to 32% (H1-18: 31%) for the period.

### Cash flow

The Group generated £3.5 million of cash from operating activities after tax during the period (H1-18: £3.9 million). Taxation paid during the period reduced to £0.4 million compared to £0.7 million for the same period last year.

The Group paid dividends totalling £3.3 million in the period, more information for which is given in note 5 to the financial statements.

### Dividends and Capital

In line with the Board’s capital and dividend policy, the Group will pay an interim dividend of 1.15 pence per share in respect of the six month period equating to a distribution of £2.3 million, following which the business will retain cash and money market instruments on the balance sheet which are significantly in excess of financial resource requirements required for regulatory purposes.

The Group has no debt and shareholders’ funds were £26.4 million at 30 September 2018 (H1-18: £25.8 million).

### **Principal risks and uncertainties**

The principal risks currently facing the Group and those that we anticipate that the Group will be exposed to in the short term remain the same as those outlined in the Annual Report 2018.

These risks are: Brexit; margin compression; concentration risk; people and employment risk; market liquidity risk; treasury risk; credit risk; technology and information security risk; operational control failure; product underperformance.

An update on Record's preparation for the UK exiting the EU is given in the Chief Executive's statement.

## Statement of Directors' responsibilities

The interim financial report is the responsibility of the Directors who confirm that to the best of their knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed and adopted by the EU;
- the interim management review includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Annual Report 2018 that could do so.

The Directors of Record plc are listed on the Record plc website at [ir.recordcm.com/board-of-directors](http://ir.recordcm.com/board-of-directors).

*Neil Record*

*Chairman*

*22 November 2018*

*Steve Cullen*

*Chief Financial Officer*

# Independent review report to Record plc

## Report on the interim financial statements

### *Our conclusion*

We have reviewed Record plc's interim financial statements (the "interim financial statements") in the Interim Report 2018 of Record plc for the 6 month period ended 30 September 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### *What we have reviewed*

The interim financial statements comprise:

- the Consolidated statement of financial position as at 30 September 2018;
- the Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flows for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report 2018 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

## Responsibilities for the interim financial statements and the review

### *Our responsibilities and those of the directors*

The Interim Report 2018, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report 2018 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report 2018 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### *What a review of interim financial statements involves*

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report 2018 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

*PricewaterhouseCoopers LLP*

*Chartered Accountants*

*Reading*

*22 November 2018*

## Financial statements

### Consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 Sep 18 £'000	Unaudited Six months ended 30 Sep 17 £'000	Audited Year ended 31 Mar 18 £'000
<b>Revenue</b>	3	<b>12,624</b>	<b>12,203</b>	<b>23,834</b>
Cost of sales		(194)	(165)	(311)
<b>Gross profit</b>		<b>12,430</b>	<b>12,038</b>	<b>23,523</b>
Administrative expenses		(8,295)	(8,330)	(16,424)
Other income or expense		(138)	49	173
<b>Operating profit</b>		<b>3,997</b>	<b>3,757</b>	<b>7,272</b>
Finance income		52	36	66
Finance expense		(11)	-	(10)
<b>Profit before tax</b>		<b>4,038</b>	<b>3,793</b>	<b>7,328</b>
Taxation		(822)	(553)	(1,182)
<b>Profit after tax and total comprehensive income for the period</b>		<b>3,216</b>	<b>3,240</b>	<b>6,146</b>
<b>Earnings per share for the period (expressed in pence per share)</b>				
Basic earnings per share	4	1.63p	1.55p	3.03p
Diluted earnings per share	4	1.61p	1.52p	2.98p

## Consolidated statement of financial position

	Note	Unaudited As at 30 Sep 18 £'000	Unaudited As at 30 Sep 17 £'000	Audited As at 31 Mar 18 £'000
<b>Non-current assets</b>				
Property, plant and equipment		816	840	910
Intangible assets		321	170	228
Investments	6	1,075	-	1,115
Deferred tax assets		34	256	86
<b>Total non-current assets</b>		<b>2,246</b>	1,266	2,339
<b>Current assets</b>				
Trade and other receivables		8,425	6,956	6,775
Derivative financial assets	10	178	529	266
Money market instruments with maturity > 3 months	7	9,804	13,304	10,198
Cash and cash equivalents	7	12,962	13,023	12,498
<b>Total current assets</b>		<b>31,369</b>	33,812	29,737
<b>Total assets</b>		<b>33,615</b>	35,078	32,076
<b>Current liabilities</b>				
Trade and other payables		(3,930)	(3,304)	(2,630)
Corporation tax liabilities		(772)	(790)	(399)
Financial liabilities	6	(2,361)	(4,761)	(2,467)
Derivative financial liabilities	10	(153)	(410)	(29)
<b>Total current liabilities</b>		<b>(7,216)</b>	(9,265)	(5,525)
<b>Total net assets</b>		<b>26,399</b>	25,813	26,551
<b>Equity</b>				
Issued share capital	9	50	50	50
Share premium account		2,243	2,035	2,237
Capital redemption reserve		26	26	26
Retained earnings		24,080	23,702	24,238
<b>Total equity</b>		<b>26,399</b>	25,813	26,551

Approved by the Board on 22 November 2018 and signed on its behalf by:

*Neil Record*  
Chairman

*Steve Cullen*  
Chief Financial Officer

## Consolidated statement of changes in equity

		Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
Unaudited	Note	£'000	£'000	£'000	£'000	£'000
<b>As at 1 April 2017</b>		<b>55</b>	<b>1,971</b>	<b>20</b>	<b>34,785</b>	<b>36,831</b>
<b>Profit and total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,240</b>	<b>3,240</b>
Dividends paid	5	-	-	-	(4,550)	(4,550)
Share buy-back and cancellation		(5)	-	6	(10,000)	(9,999)
Own shares acquired by EBT		-	-	-	(159)	(159)
Release of shares held by EBT		-	64	-	301	365
Share-based payments		-	-	-	85	85
<b>Transactions with shareholders</b>		<b>(5)</b>	<b>64</b>	<b>6</b>	<b>(14,323)</b>	<b>(14,258)</b>
<b>As at 30 September 2017</b>		<b>50</b>	<b>2,035</b>	<b>26</b>	<b>23,702</b>	<b>25,813</b>
<b>Profit and total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,906</b>	<b>2,906</b>
Dividends paid	5	-	-	-	(2,260)	(2,260)
Own shares acquired by EBT		-	-	-	(793)	(793)
Release of shares held by EBT		-	202	-	940	1,142
Share-based payments		-	-	-	(257)	(257)
<b>Transactions with shareholders</b>		<b>-</b>	<b>202</b>	<b>-</b>	<b>(2,370)</b>	<b>(2,168)</b>
<b>As at 31 March 2018</b>		<b>50</b>	<b>2,237</b>	<b>26</b>	<b>24,238</b>	<b>26,551</b>
<b>Unaudited Profit and total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,216</b>	<b>3,216</b>
Dividends paid	5	-	-	-	(3,252)	(3,252)
Own shares acquired by EBT		-	-	-	(620)	(620)
Release of shares held by EBT		-	6	-	463	469
Share-based payments		-	-	-	35	35
<b>Transactions with shareholders</b>		<b>-</b>	<b>6</b>	<b>-</b>	<b>(3,374)</b>	<b>(3,368)</b>
<b>As at 30 September 2018</b>		<b>50</b>	<b>2,243</b>	<b>26</b>	<b>24,080</b>	<b>26,399</b>



## Consolidated statement of cash flows

		Unaudited Six months ended 30 Sep 18 £'000	Unaudited Six months ended 30 Sep 17 £'000	Audited Year ended 31 Mar 18 £'000
	Note			
<b>Net cash inflow from operating activities after tax</b>	8	<b>3,526</b>	3,930	2,746
<b>Cash flow from investing activities</b>				
Purchase of intangible software		(124)	-	(82)
Purchase of property, plant and equipment		(16)	(58)	(236)
Sale of money market instruments with maturity > 3 months		394	4,798	7,904
Interest received		42	46	77
<b>Net cash inflow/(outflow) from investing activities</b>		<b>296</b>	4,786	7,663
<b>Cash flow from financing activities</b>				
Purchase of own shares		(380)	(10,236)	(10,367)
Dividends paid to equity shareholders	5	(3,252)	(4,550)	(6,810)
<b>Cash outflow from financing activities</b>		<b>(3,632)</b>	(14,786)	(17,177)
<b>Net decrease in cash and cash equivalents in the period</b>		<b>190</b>	(6,070)	(6,768)
Effect of exchange rate changes		274	(27)	146
Cash and cash equivalents at the beginning of the period		12,498	19,120	19,120
<b>Cash and cash equivalents at the end of the period</b>		<b>12,962</b>	13,023	12,498
<b>Closing cash and cash equivalents consists of:</b>				
Cash	7	2,042	3,016	4,411
Cash equivalents	7	10,920	10,007	8,087
<b>Cash and cash equivalents</b>		<b>12,962</b>	13,023	12,498

## Notes to the consolidated financial statements

These consolidated financial statements exclude disclosures that are immaterial and judged to be unnecessary to understand our results and financial position.

### **1 Basis of preparation**

The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2018 (which were prepared in accordance with IFRSs as adopted by the European Union) have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Group's Annual report and accounts for the year ended 31 March 2018 have been applied in the preparation of the IFRS condensed consolidated half year financial information except as noted below.

### **Application of new standards**

#### **i) IFRS 9 "Financial Instruments" (IFRS 9)**

IFRS 9 replaces the classification and measurement models previously contained in IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). On adoption of IFRS 9 the classification of both the Group's financial assets and financial liabilities were reviewed. There was no re-classification as a result of the application of IFRS 9.

In addition, IFRS 9 introduces an expected loss model for the assessment of impairment of financial assets. Under the expected loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. This model is not applicable for investments held at fair value through profit or loss. The assets on the Group's balance sheet to which the expected loss model applies are receivables, which do not have a history of credit losses or expected future recoverability issues. Therefore, there was no change to the carrying values of the Group's assets as a result of applying the new standard.

#### **ii) IFRS 15 "Revenue from Contracts with Customers" (IFRS 15)**

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. It applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards. The Standard introduces a five step model for recognising revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied.

The Group has undertaken a comprehensive review of its contracts with customers and concluded that there is no material impact on the way in which the Group recognises its revenues. The Group has applied IFRS 15 retrospectively although no restatements were required. The Group did not apply any of the practical expedients available under the full retrospective method.

### **Going concern**

The Directors are satisfied that the Group has adequate resources with which to continue to operate for the foreseeable future, and therefore these financial statements have been prepared on a going concern basis.

### **Consolidation**

The accounting policies adopted in these interim financial statements are identical to those adopted in the Group's most recent annual financial statements for the year ended 31 March 2018.

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and entities controlled by the Company (its subsidiaries) drawn up to 30 September 2018. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Company

controls an entity, but does not own all the share capital of that entity, the interests of the other shareholders are stated within equity as non-controlling interests or within current liabilities as financial liabilities depending on the characteristic of the investment, being the proportionate share of the fair value of identifiable net assets on date of acquisition plus the share of changes in equity since the date of consolidation.

An Employee Benefit Trust (“EBT”) has been established for the purposes of satisfying certain share-based awards. The Group has ‘de facto’ control over this entity. This trust is fully consolidated within the financial statements (see note 9 for further details).

Throughout the period, the Group had investments in four funds, three of which it was in a position to control. These fund investments are held by Record plc and represent seed capital investments by the Group. The funds controlled by the Group have been consolidated on a line-by-line basis from the time that the Group gained control over the fund.

## 2 Critical accounting estimates and judgements

The accounting policies, presentation and methods of computation applied in the interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2018.

## 3 Revenue

### Segmental analysis

The Executive Committee (comprising the Executive Directors together with three senior managers) which is the entity’s Chief Operating Decision Maker, considers that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints. The Group provides management with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis. This reflects the unified basis on which the products are marketed, delivered and supported.

#### a) Product revenues

The Group has split its currency management revenues by product. Other currency services income includes income from data licensing and ancillary services.

	Six months ended 30 Sep 18 £'000	Six months ended 30 Sep 17 £'000	Year ended 31 Mar 18 £'000
<b>Revenue by product type</b>			
<b>Management fees</b>			
Dynamic Hedging	2,351	2,801	5,111
Passive Hedging	5,999	6,400	12,569
Currency for Return	899	826	1,803
Multi-product	2,172	1,927	4,014
<b>Total management fee income</b>	<b>11,421</b>	<b>11,954</b>	<b>23,497</b>
Performance fee income	1,048	-	-
Other currency services income	155	249	337
<b>Total revenue</b>	<b>12,624</b>	<b>12,203</b>	<b>23,834</b>

#### b) Geographical analysis

The geographical analysis of revenue is based on the location of the client to whom the services are provided. All revenue originated in the UK.

	Six months ended 30 Sep 18 £'000	Six months ended 30 Sep 17 £'000	Year ended 31 Mar 18 £'000
<b>Revenue by geographical region</b>			
<b>Currency management income</b>			
UK	1,013	1,631	2,834
US	3,186	3,203	6,478
Switzerland	5,720	5,443	10,404
Other	2,550	1,677	3,781
<b>Total currency management income</b>	<b>12,469</b>	11,954	23,497
Other currency services income	155	249	337
<b>Total revenue</b>	<b>12,624</b>	12,203	23,834

Other currency services income is not analysed by geographical region.

#### 4 Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated as for the basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all potential dilution.

There is no difference between the profit for the financial period used in the basic and diluted earnings per share calculations.

	Six months ended 30 Sep 18	Six months ended 30 Sep 17	Year ended 31 Mar 18
Weighted average number of shares used in calculation of basic earnings per share	196,859,947	208,687,194	202,613,441
Effect of potential dilutive ordinary shares – share options	2,780,948	3,945,594	3,855,924
Weighted average number of shares used in calculation of diluted earnings per share	199,640,895	212,632,788	206,469,365
Basic earnings per share	1.63p	1.55p	3.03p
Diluted earnings per share	1.61p	1.52p	2.98p

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme. At the beginning of the period, there were share options in place over 14,343,147 shares. During the six months ended 30 September 2018, options over 678,500 shares were exercised and options over 25,000 shares were forfeited. As at 30 September 2018, there were share options in place over 13,639,647 shares.

#### 5 Dividends

The dividends paid during the six months ended 30 September 2018 totalled £3,251,761 (1.65 pence per share) being a final ordinary dividend in respect of the year ended 31 March 2018 of 1.15 pence per share, and a special dividend of 0.50 pence per share. An interim dividend of £2,260,483 (1.15

pence per share) was paid in the six months ended 31 March 2018, thus the full ordinary dividend in respect of the year ended 31 March 2018 was 2.30 pence per share. The dividend paid by the Group during the six months ended 30 September 2017 totalled £4,549,878 (2.085 pence per share), being a final ordinary dividend in respect of the year ended 31 March 2017 of 1.175 pence per share, and a special dividend of 0.91 pence per share.

The interim dividend proposed in respect of the six months ended 30 September 2018 is 1.15 pence per share.

## 6 Accounting for investment in seed funds

Record plc holds investments in several funds. These funds are seed investments, which have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors.

Funds are consolidated on a line-by-line basis where the Group has determined that a controlling interest exists through an investment holding in the fund, in accordance with IFRS 10 "Consolidated Financial Statements". Otherwise, investments in funds are measured at fair value through profit or loss.

Record has seeded four funds which have been active during the half year ended 30 September 2018. The Group has controlled both the Record Currency – FTSE FRB10 Index Fund and the Record Currency – Strategy Development Fund throughout the half year ended 30 September 2018 and the comparative periods, and both were consolidated in full, on a line-by-line basis in the Group's financial statements throughout these periods.

In February 2018, the Company invested in the Record – Currency Multi-Strategy Fund. The Group has controlled this fund since inception and the fund is consolidated in full on a line-by-line basis.

The Group was in control of the Record Currency – Emerging Market Currency Fund until 21 March 2018, at which point the Group no longer consolidated the fund on a line-by-line basis, but the Group did consolidate the fund in full on a line-by-line basis until that date. Since 21 March 2018, the fund has been classified as an investment and measured at fair value through profit or loss.

### Investments

	As at 30 Sep 18	As at 30 Sep 17	As at 31 Mar 18
	£'000	£'000	£'000
Record Currency - Emerging Market Currency Fund	1,075	-	1,115
	<b>1,075</b>	<b>-</b>	<b>1,115</b>

### Financial liabilities

Where a fund is consolidated on a line-by-line basis and Record plc is not the only investor, and the external investment instrument does not meet the definition of an equity instrument under IAS 32, then the instrument is classified as a financial liability. These financial liabilities are held at fair value, which represents the mark to market value of units held by investors other than Record in these funds, in accordance with IFRS.

**Mark to market value of external holding in seeded funds consolidated into the accounts of the Record Group**

	As at 30 Sep 18	As at 30 Sep 17	As at 31 Mar 18
	£'000	£'000	£'000
Record Currency - FTSE FRB10 Index Fund	466	465	459
Record Currency - Emerging Market Currency Fund	-	4,296	-
Record - Currency Multi-Strategy Fund	1,895	-	2,008
<b>Financial liabilities</b>	<b>2,361</b>	<b>4,761</b>	<b>2,467</b>

There is no external investment in the Record Currency - Strategy Development Fund.

The financial liabilities relate only to the fair value of the external investors' holding in the seed funds, and should not be construed as debt.

## **7 Cash management**

The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills with maturities of up to one year. We note that not all of these instruments are classified as cash or cash equivalents under IFRS.

IFRS defines cash and cash equivalents as cash in hand, on demand and collateral deposits held with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Moreover, instruments can only generally be classified as cash and cash equivalents where they are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the Group's judgement, bank deposits and treasury bills with maturities in excess of three months do not meet the definition of short-term or highly liquid and are held for purposes other than meeting short-term commitments. In accordance with IFRS, these instruments are not categorised as cash or cash equivalents and are disclosed as money market instruments with maturities greater than three months.

The table below summarises the instruments managed by the Group as cash, and their IFRS classification:

	As at 30 Sep 18 £'000	As at 30 Sep 17 £'000	As at 31 Mar 18 £'000
Bank deposits with maturities > 3 months	9,804	10,305	9,698
Treasury bills with maturities > 3 months	-	2,999	500
<b>Money market instruments with maturities &gt; 3 months</b>	<b>9,804</b>	<b>13,304</b>	<b>10,198</b>
Cash	2,042	3,016	4,411
Bank deposits with maturities <= 3 months	9,020	10,007	8,087
Treasury bills with maturities <= 3 months	1,900	-	-
<b>Cash and cash equivalents</b>	<b>12,962</b>	<b>13,023</b>	<b>12,498</b>
<b>Total assets managed as cash by the Group</b>	<b>22,766</b>	<b>26,327</b>	<b>22,696</b>

## 8 Cash flow from operating activities

	Unaudited Six months ended 30 Sep 18 £'000	Unaudited Six months ended 30 Sep 17 £'000	Audited Year ended 31 Mar 18 £'000
<b>Operating profit</b>	<b>3,997</b>	<b>3,757</b>	<b>7,272</b>
Adjustments for non-cash movements:			
Profit on disposal of property, plant and equipment	-	-	1
Depreciation of property, plant and equipment	110	99	206
Amortisation of intangible assets	31	75	99
Share-based payments	35	162	(93)
Net release of shares previously held by EBT	228	365	845
Decrease in cash on deconsolidation of Record Currency – Emerging Market Currency Fund	-	-	(4,062)
Other non-cash movements	(202)	22	(270)
	<b>4,199</b>	<b>4,480</b>	<b>3,998</b>
<b>Changes in working capital</b>			
(Increase)/decrease in receivables	(1,671)	16	172
Increase/(decrease) in payables	1,300	284	(371)
Decrease/(increase) in other financial assets	87	(475)	(204)
Increase in other financial liabilities	18	343	734
<b>Cash inflow from operating activities</b>	<b>3,933</b>	<b>4,648</b>	<b>4,329</b>
Interest paid	(11)	-	(10)
Corporation taxes paid	(396)	(718)	(1,573)
<b>Net cash inflow from operating activities after tax</b>	<b>3,526</b>	<b>3,930</b>	<b>2,746</b>

## 9 Called up share capital

The share capital of Record plc consists only of fully paid ordinary shares with a par value of 0.025 pence. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

	Unaudited as at 30 Sep 18		Unaudited as at 30 Sep 17		Audited as at 31 Mar 18	
	£'000	Number	£'000	Number	£'000	Number
<b>Authorised</b>						
Ordinary shares of 0.025 pence each	100	400,000,000	100	400,000,000	100	400,000,000
<b>Called up, allotted and fully paid</b>						
Ordinary shares of 0.025 pence each	50	199,054,325	50	199,054,325	50	199,054,325

### ***Movement in Record plc shares held by the Record plc Employee Benefit Trust (“EBT”)***

The EBT was formed to hold shares acquired under the Record plc share-based compensation plans. Under IFRS the EBT is considered to be under de facto control of the Group, and has therefore been consolidated into the Group financial statements.

Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income. Any such gains or losses are recognised directly in equity.

	Number
<b>Record plc shares held by EBT as at 31 March 2017</b>	<b>3,618,995</b>
Net change in holding of own shares by EBT in period	(457,759)
<b>Record plc shares held by EBT as at 30 September 2017</b>	<b>3,161,236</b>
Net change in holding of own shares by EBT in period	(767,804)
<b>Record plc shares held by EBT as at 31 March 2018</b>	<b>2,393,432</b>
Net change in holding of own shares by EBT in period	382,645
<b>Record plc shares held by EBT as at 30 September 2018</b>	<b>2,776,077</b>

The EBT holds shares in Record plc which are used to meet the Group’s obligations to employees under the Group Profit Share Scheme and the Record plc Share Scheme. Own shares are recorded at cost and are deducted from retained earnings.

### ***10 Fair value measurement for derivative financial instruments***

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy based on the significance of inputs used in measuring their fair value. The hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

<b>As at 30 September 2018</b>	<b>Total £'000</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	154	-	154	-
Futures contracts used for seed funds	-	-	-	-
Forward foreign exchange contracts used for hedging	24	-	24	-
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	(78)	-	(78)	-
Futures contracts used for seed funds	-	-	-	-
Forward foreign exchange contracts used for hedging	(75)	-	(75)	-
	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>

<b>As at 31 March 2018</b>	<b>Total £'000</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts used for hedging	199	-	199	-
Forward foreign exchange contracts used for seed funds	67	-	67	-
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts used for hedging	(29)	-	(29)	-
	<b>237</b>	<b>-</b>	<b>237</b>	<b>-</b>

<b>As at 30 September 2017</b>	<b>Total £'000</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	22	-	22	-
Futures contracts used for seed funds	2	-	2	-
Forward foreign exchange contracts used for hedging	505	-	505	-
<b>Financial liabilities at fair value through profit or loss</b>				
Forward foreign exchange contracts used for seed funds	(57)	-	(57)	-
Futures contracts used for seed funds	(5)	-	(5)	-
Forward foreign exchange contracts used for hedging	(348)	-	(348)	-
	<b>119</b>	<b>-</b>	<b>119</b>	<b>-</b>

There have been no transfers between levels in any of the reported periods.

***Basis for classification of financial instruments classified as Level 2 within the fair value hierarchy***

Both forward foreign exchange contracts and futures are classified as Level 2. These instruments are traded on an active market. The fair value of forward foreign exchange contracts is established using interpolation of observable market data rather than a quoted price.

**11 Related parties**

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, the EBT and the seed funds.

**Key management personnel**

The compensation given to key management personnel is as follows:

	<b>Six months ended 30 Sep 18 £'000</b>	<b>Six months ended 30 Sep 17 £'000</b>	<b>Year ended 31 Mar 18 £'000</b>
Short-term employee benefits	2,715	2,480	4,965
Post-employment benefits	106	110	185
Share-based payments	482	568	1,172
	<b>3,303</b>	<b>3,158</b>	<b>6,322</b>

The dividends paid to key management personnel in the six months ended 30 September 2018 totalled £1,754,262 (year ended 31 March 2018: £3,651,092; six months ended 30 September 2017: £2,442,980).

**12 Post reporting date events**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of approval.

## AUME definition

The basis for measuring AUME differs for each product and is detailed below:

- **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;
- **Passive Hedging mandates:** - the aggregate nominal amount of passive hedges actually outstanding in respect of each client;
- **Currency for Return mandates:** - the maximum aggregate nominal amount of outstanding forward contracts for each client;
- **Multi-product mandates:** - the chargeable mandate size for each client;
- **Cash:** - the total set aside by clients and managed and/or "equitised" using futures by Record.

## Notes to Editors

This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, are forward-looking statements.

These forward-looking statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.

The forward-looking statements contained in this document are based on numerous assumptions regarding Record's present and future business and strategy and speak only as at the date of this announcement.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.