



Record plc

Half year results

6 months to 30 September 2009

17 November 2009



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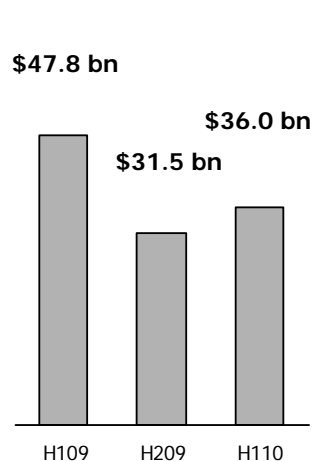
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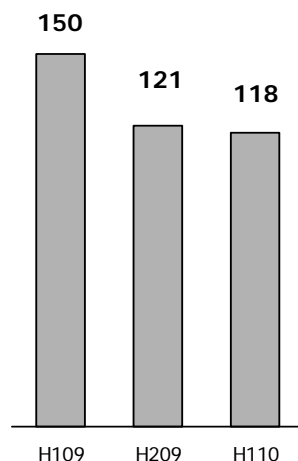
Headlines

- AuME \$36.0bn at 30 September 2009 up 14% in H110
- AuME £22.5bn at 30 September 2009 up 2% in H110
- Alpha composite of 0.89% for H110
- Management fee income of £16.1m (down 35% on H109)
- Pre tax profit £8.2m (down 45% on H109)
- Net assets £28.3m (up 18% on H109)
- Cash reserves £27.1m (up 1% on H109)
- 118 clients at 30 September 2009 down 2% in H110
- Operating profit margin to 30 September 2009 of 49% compared to 57% for half year ended 30 September 2008
- Basic EPS 2.68 pence per share (H109 4.86 pence per share)
- An interim dividend of 2.0p per share will be paid on 22 December 2009 and a further 2.0p per share will be paid on 16 March 2010
- Subject to business conditions, intention to keep overall dividend unchanged at 4.59p for the current year

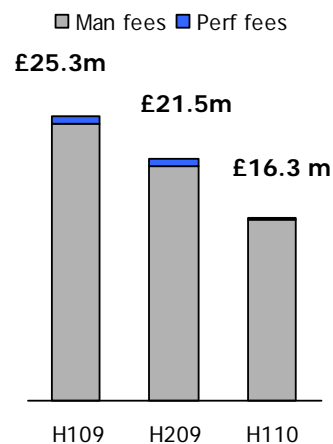
ASSETS UNDER MANAGEMENT EQUIVALENT (AuME)



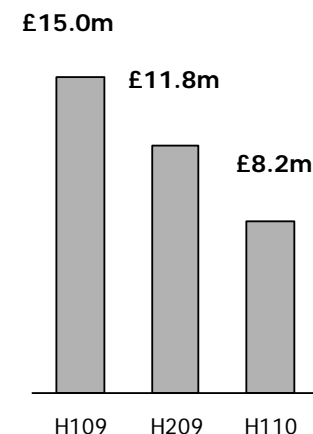
CLIENT NUMBERS



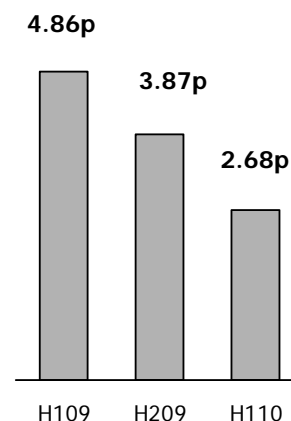
REVENUE



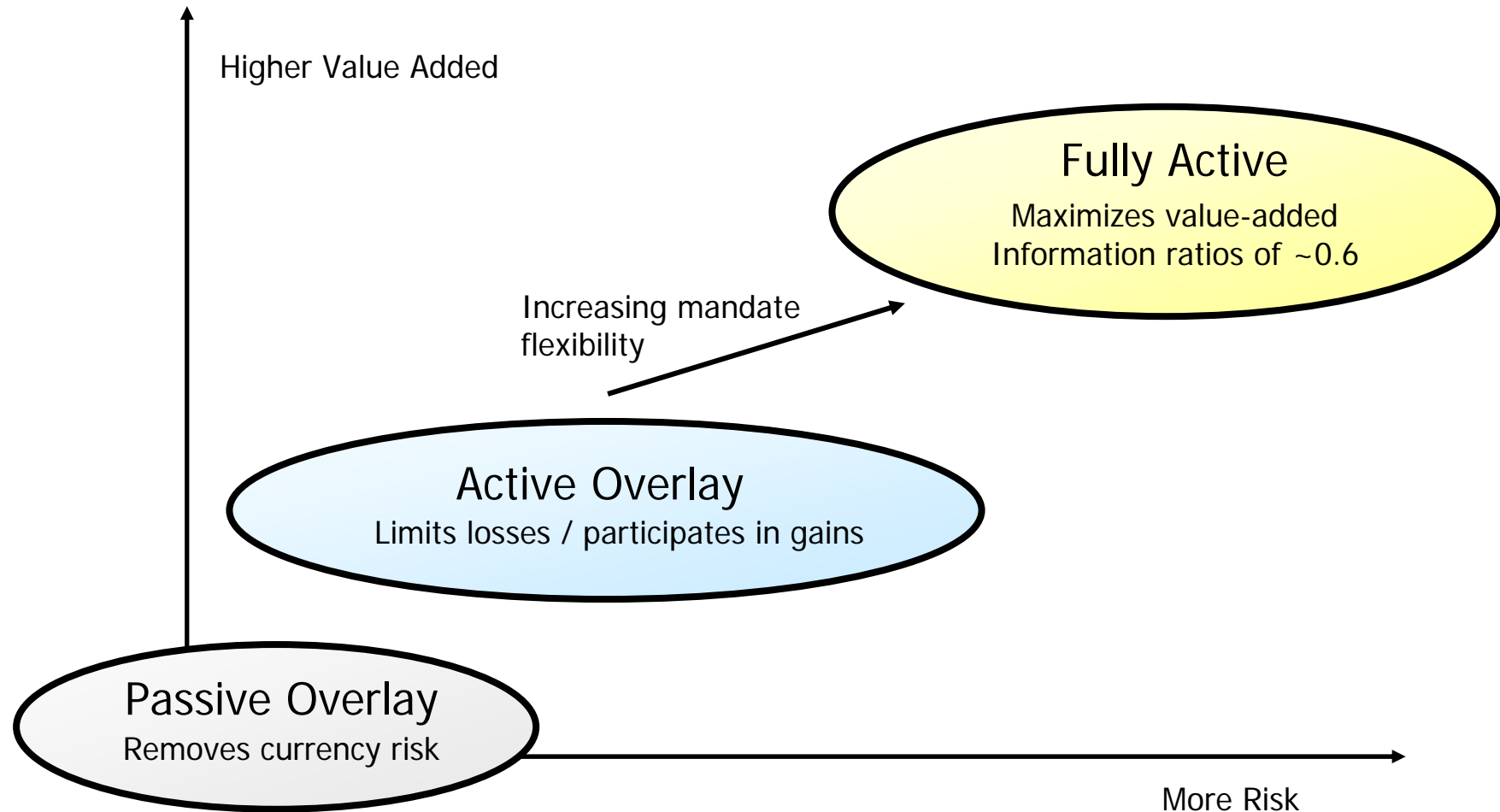
PRE-TAX PROFIT



BASIC EARNINGS PER SHARE

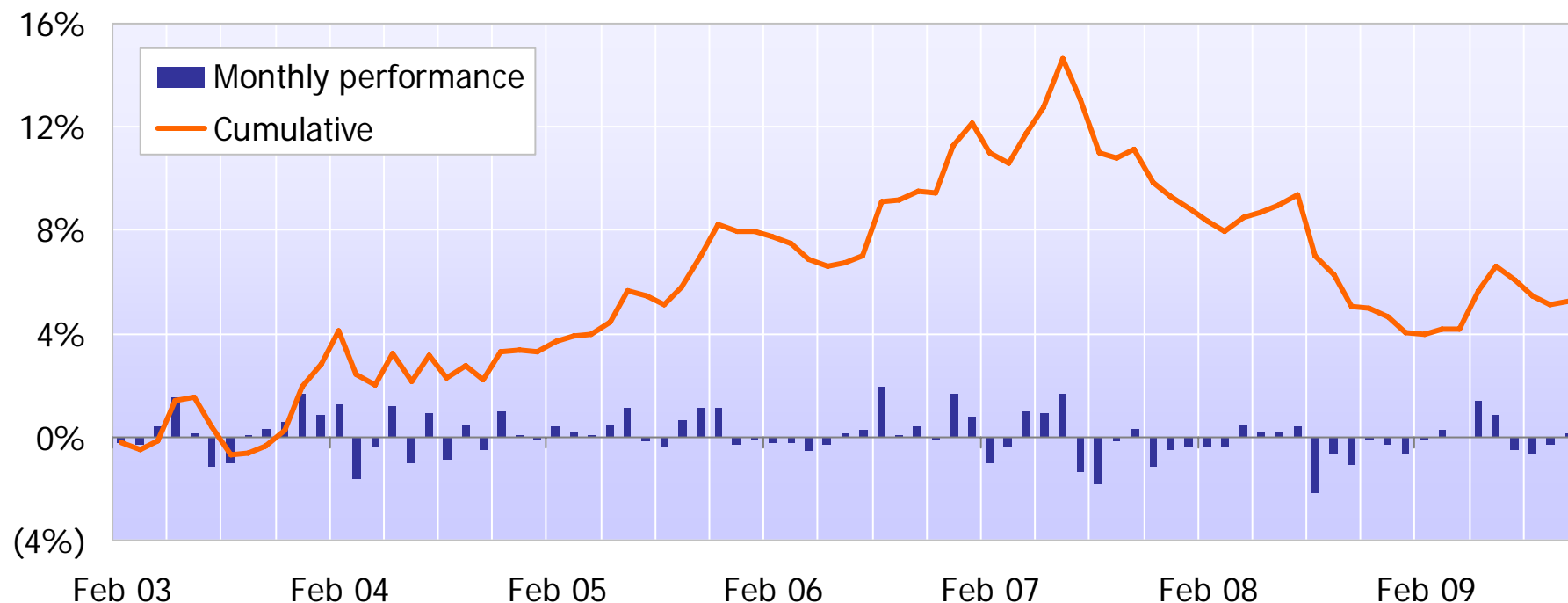


Currency management alternatives



Currency Absolute Return performance

Currency Alpha Composite - 12 accounts, £2.1 billion



As at 31 st October 2009	Value added	Tracking Error	Information Ratio
Since inception (Feb-03)	0.76% p.a.	2.90%	0.26

Source: Record Currency Management. Returns of all clients in the 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. Client numbers and assets are correct as at 30th September 2009. Record Alpha Comp return for October 2009 is provisional

RECORD plc

Absolute Return performance: commentary

- Q110: Improvement in risk appetite allowed GBP, AUD and NZD to extend their recovery against JPY, CHF and SGD as gearing opened up. Volatility, while above long term averages, declined and this paved the way for outperformance in the Trend/FRB module
- Q210: Risk appetite fluctuated, with conflicting economic data preventing high interest rate currencies from maintaining their positive momentum in July, resulting in losses in the Trend/FRB module. In August risk appetite turned more positive but outlook for the UK was weaker resulting in Sterling weakness. In September mixed data on the pace of recovery in the UK and Eurozone hampered Sterling and Euro
- Overall, the Trend/FRB strategy produced a positive return over H110
- Alpha composite return +0.89% for H110 (-3.5% for FY09)

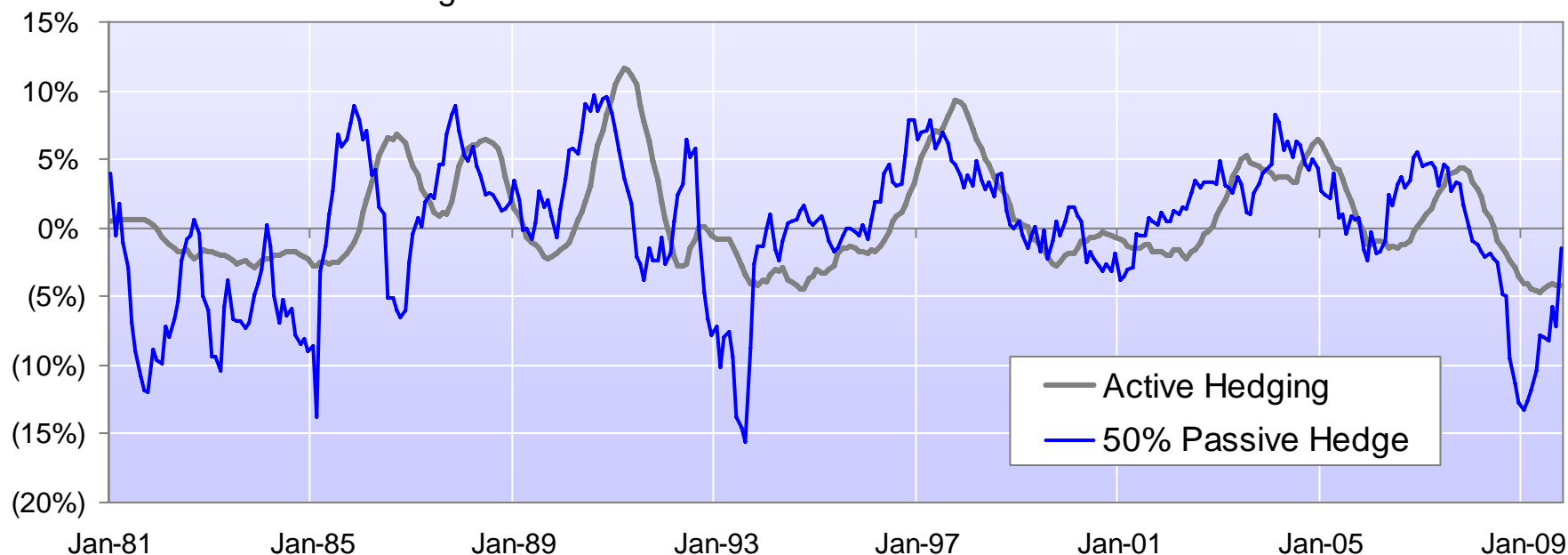
Returns of Record Umbrella Currency Funds

<i>Fund Name</i>	<i>Gearing</i>	<i>Half Year Return % (H110)</i>	<i>Annual Return % (FY09)</i>	<i>Volatility % p.a. (inception-30 Sep 09)</i>
Cash Plus	7	5.4%	-25.8%	20.4%
Equity Plus	6	36.0%	-56.2%	28.6%
US Cash Plus	7	10.5%	-18.0%	21.3%
US Equity Plus	6	29.4%	-31.9%	25.4%
Euro 1	3.5	2.5%	-9.6%	10.7%
Sterling 10	2.5	0.7%	-7.1%	6.9%
Sterling 20	5	-1.2%	-15.7%	10.9%
FTSE Currency FRB 5 USD Excess return	1	-2.2%	n/a	n/a
Alpha Composite	1	0.9%	-3.5%	2.9%
Global Equities (S&P 500)	N/A	32.5%	-39.7%	N/A

Active hedging opportunity

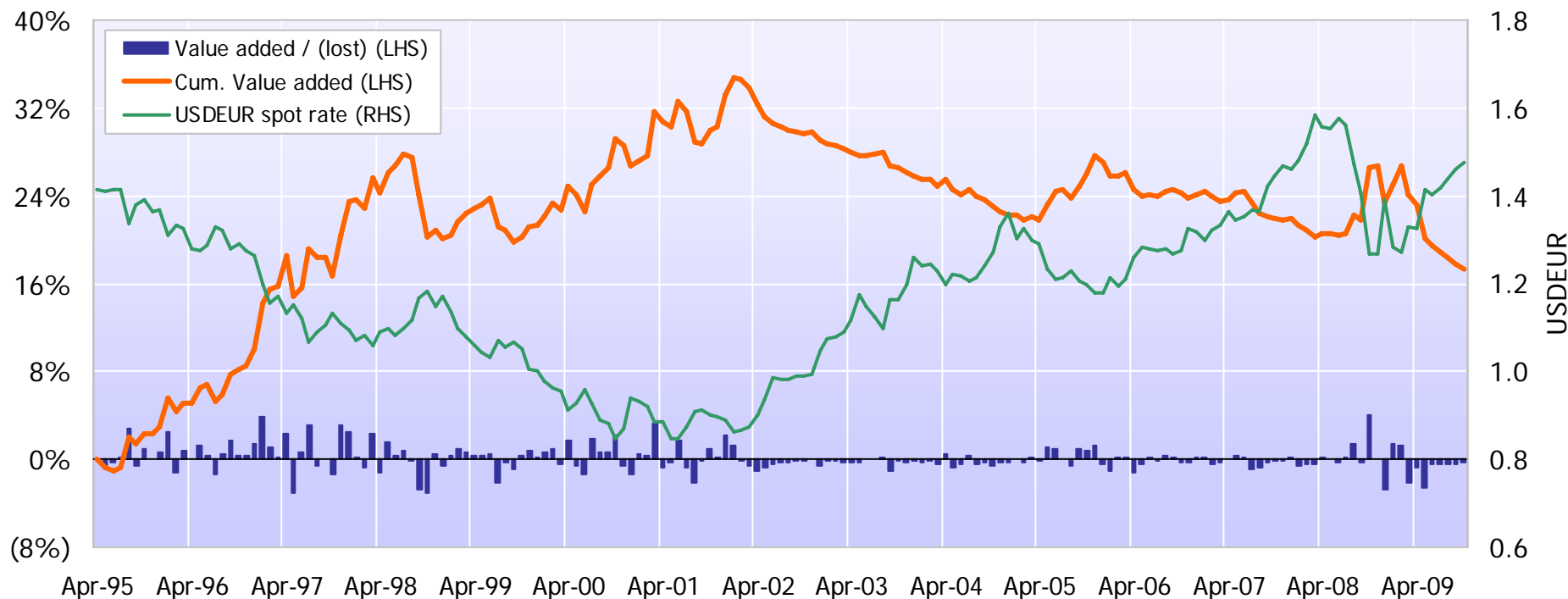
- Passive hedging has resulted in significant cash outflows in the last 9 months
- Record's Active hedging process can deliver the upside and limit the cash flow disadvantage of passive hedging
- Recent client wins in Active hedging total \$8bn of new mandates

Rolling 12-month Cashflows as a % of Mandate Size - £ base



Source: Record Currency Management Limited. This slide is a simulation and has been provided for illustrative purposes only. The theoretical results have been calculated based on the passive and active hedging strategies standard implementation. The illustration is for a Sterling base currency investor hedging an MSCI World ex-UK Index with specific contributions from USD, JPY, CHF and EUR (France and Germany).

Track record – USD active hedge



At October 31 st 2009	Value added	Tracking error	Information ratio
Quarter	(1.29%)		
Year to date	(4.80%)		
5 years (annualised)	(0.93%)	3.30%	
Since inception (annualised)	1.10%	3.95%	0.28

Source: Record Currency Management. Longest live track record of US-based active hedging account, unhedged benchmark.



Financial Performance

Financial highlights – Six months to 30 September 2009

- Client numbers fell 2% to 118 in the six months to 30 September 2009
- AuME \$36.0bn at 30 September 2009 up 14% in H110
- AuME £22.5bn at 30 September 2009 up 2% in H110
- Management fees fell by 35% to £16.1m; absence of significant performance fees
- Average fee rates fell to 14.8 bps for H110, from 17.1 bps in FY09
- Operating profit margin 49%, down from 57% (H109)
- Pre-tax profit £8.2m
- An interim dividend of 2.0p per share will be paid on 22 December 2009 and a further 2.0p per share will be paid on 16 March 2010
- Subject to business conditions, intention to keep dividend unchanged at 4.59p for the current financial year
- Cash retained after interim dividend ~£24m – more than 2 years overhead cover

Financials – client numbers

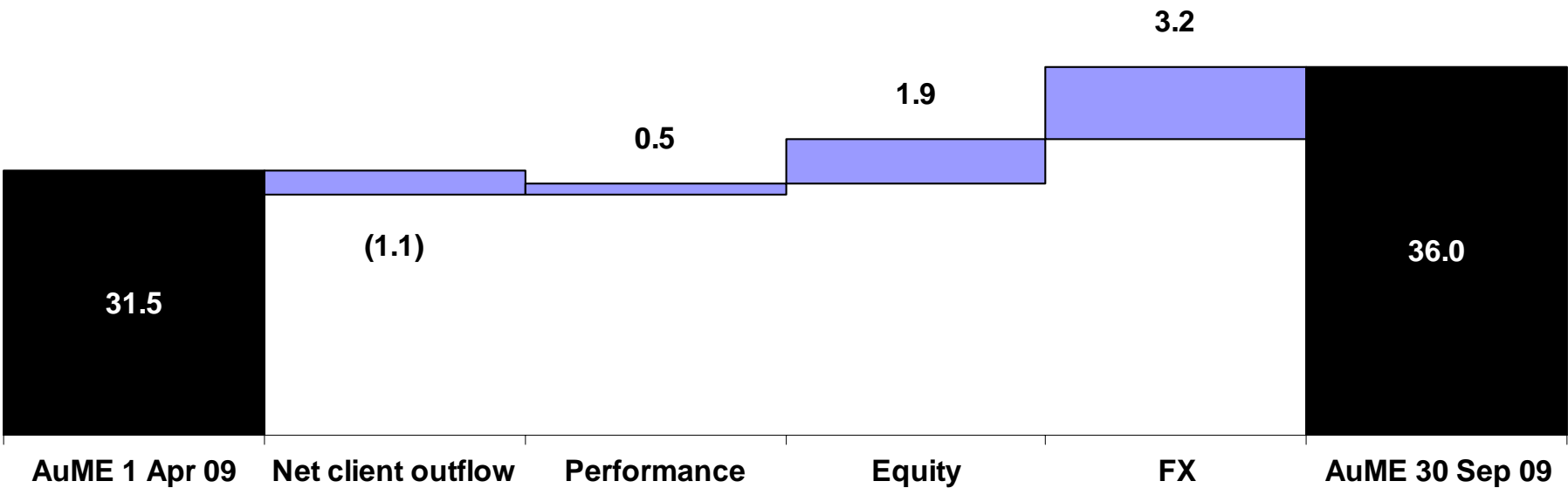
Client numbers

	30 Sep 08	31 Mar 09	30 Sep 09
Segregated funds	27	20	16
Pooled funds	116	87	84
Total Absolute Return	143	107	100
Hedging:			
Active	8	7	10
Passive	30	27	23
Less clients with >1 product	(31)	(20)	(15)
Total	150	121	118

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

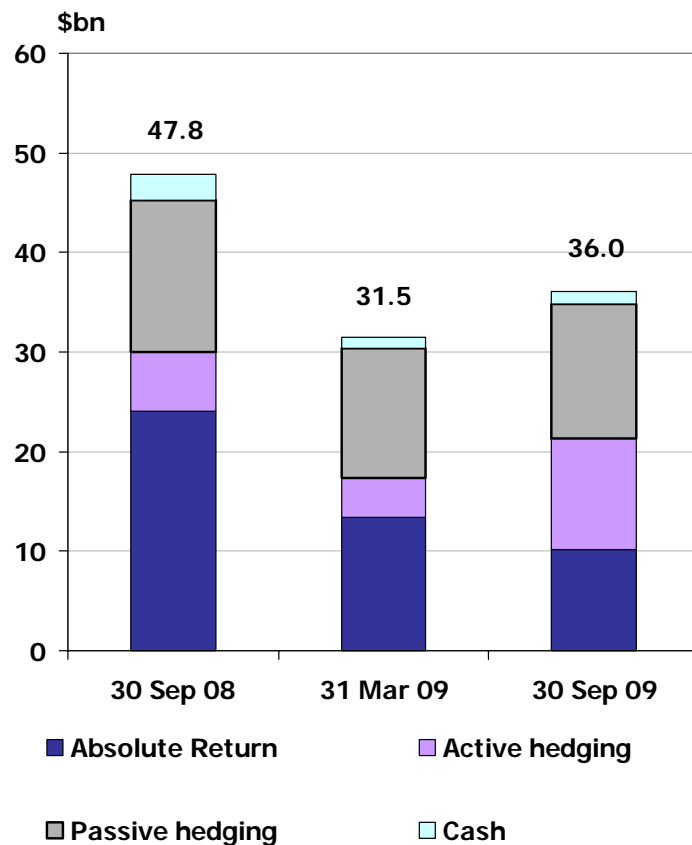
Financials – AuME movement

AuME bridge for the six months ended 30 September 2009 (\$bn)

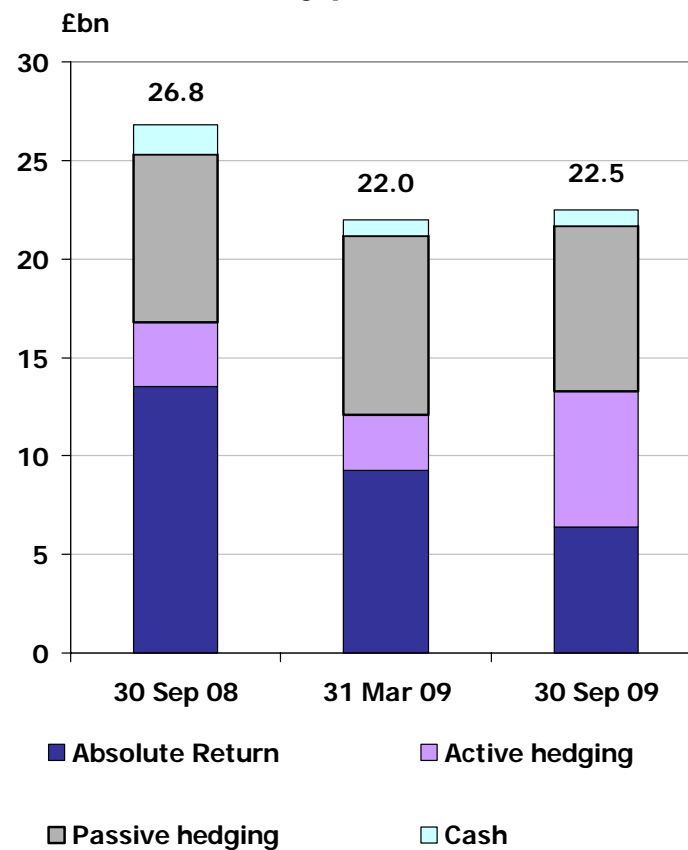


AuME attribution

AuME by product (\$bn)



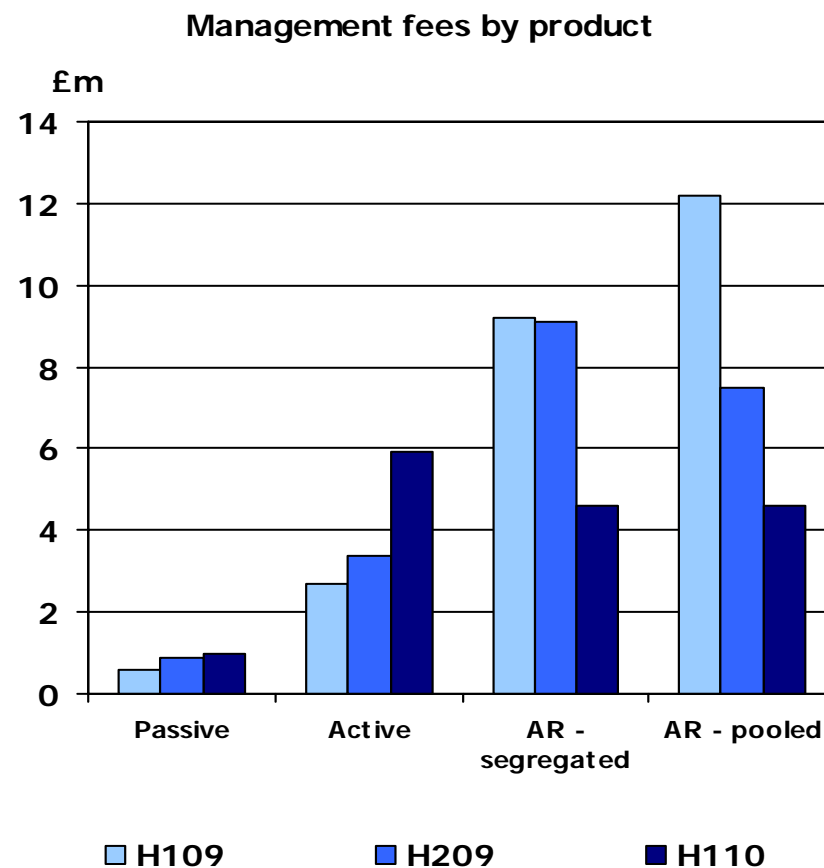
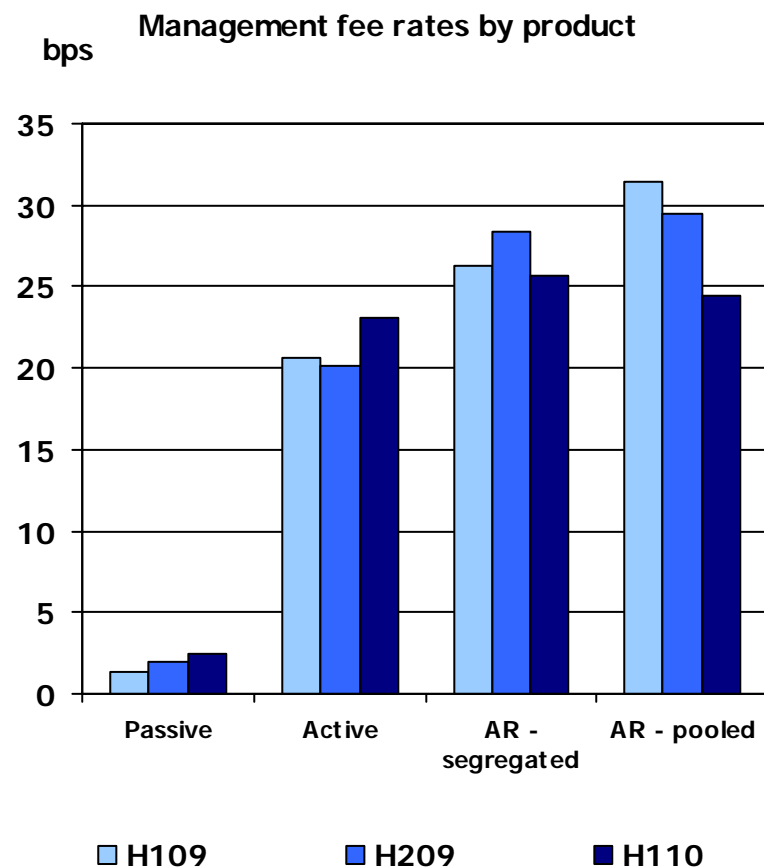
AuME by product (£bn)



Financials – Average AuME, management fee rates & fees

	Year ended 31 March 2009			Half year ended 30 September 2009		
	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)	Av. AuME (\$bn)	Av. mgmt. fee rates (bps)	Mgmt. Fee (£m)
Absolute Return:						
Segregated funds	11.5	27.2	18.3	5.7	25.7	4.6
Management fee only	8.8	30.4	15.3	4.1	28.0	3.6
Management + performance fee	2.7	18.9	3.0	1.6	20.0	1.0
Pooled funds	11.2	29.8	19.7	6.0	24.4	4.6
Management fee only	5.0	41.1	12.3	0.3	42.6	0.4
Management + performance fee	6.2	20.3	7.4	5.7	23.5	4.2
Total Absolute Return	22.7	28.5	38.0	11.7	25.0	9.2
Active Hedging	5.0	20.6	6.1	8.2	23.1	5.9
Passive Hedging	15.5	1.7	1.5	13.9	2.4	1.0
Cash	2.4	-	-	1.1	-	-
Combined average	45.6	17.1	45.6	34.9	14.8	16.1

Financials – revenue analysis



Financials – revenue analysis - cont'd

Fees analysed by product and fee type

	H109			H110		
	Management	Performance	Total	Management	Performance	Total
	£m	£m	£m	£m	£m	£m
Absolute Return	21.3	0.6	21.9	9.2	0.2	9.4
Active	2.7	0.1	2.8	5.9	-	5.9
Passive	0.6	-	0.6	1.0	-	1.0
Total Income	24.6	0.7	25.3	16.1	0.2	16.3

Financials – income statement

Income statement			
	H109	H209	H110
AuME at period end	\$47.8bn	\$31.5	\$36.0
Clients at period end	150	121	118
	£m	£m	£m
Income:			
Management fees	24.6	21.0	16.1
Performance fees	0.7	0.7	0.2
Other income	-	(0.2)	0.1
Total Income	25.3	21.5	16.4
Expenditure:			
Operating costs	(4.7)	(5.1)	(4.9)
Variable remuneration	(6.2)	(4.9)	(3.5)
Total expenditure	(10.9)	(10.0)	(8.4)
Operating profit	14.4	11.5	8.0
Operating Profit Margin	57.0%	53.2%	49.1%

Group profit share

- **An average of 30% Operating Profit over the medium term (ability to flex 25-35% in the short term)**
- **Shared amongst all staff based on 'profit share units'**
- **The only bonus scheme in the Company – no commissions, individual arrangements, etc**
- **For senior employees who own <2% of Record plc shares:**
 - 1/3rd Shares
 - 1/3rd Cash
 - 1/3rd Cash or Shares. Shares attract a 1x matching award (funded by senior employees who own >2% Record plc – see below)
- **For senior employees who own >2% of Record plc shares:**
 - 100% cash
 - less their contribution to fund matching shares above

Financials - earnings

Shareholders earnings

	H109	H209	H110
	£m	£m	£m
Profit before tax	15.0	11.8	8.2
Tax	(4.3)	(3.2)	(2.3)
Profit after tax	10.7	8.6	5.9
eps – basic	4.86p	3.87p	2.68p
eps – diluted	4.85p	3.87p	2.68p
Proposed dividend per share	2.43p	2.16p	2.00p*

*An interim dividend of 2.0p per share will be paid on 22 December 2009 and a further 2.0p per share will be paid on 16 March 2010

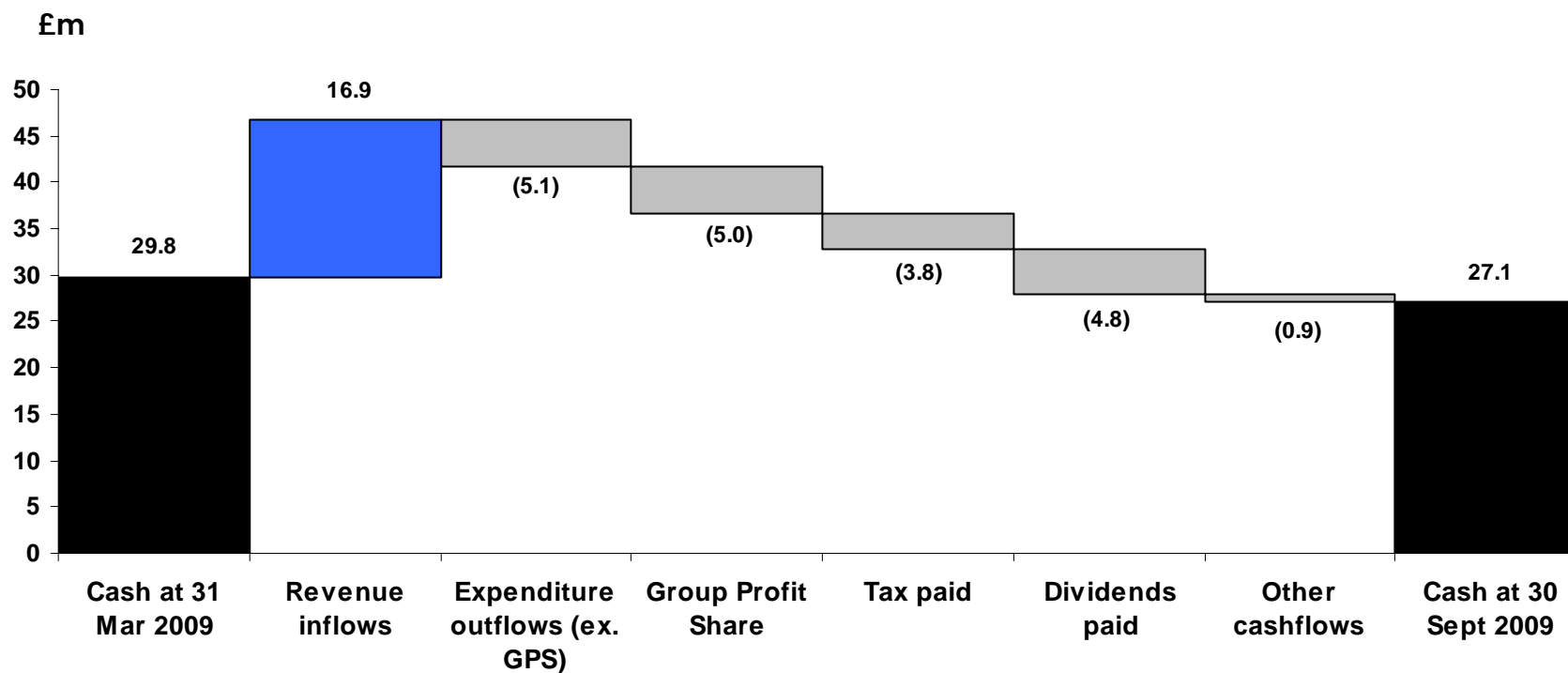
Financials – balance sheet

Balance sheet as at period end

	H109	H209	H110
	£m	£m	£m
Fixed assets	0.6	0.5	0.4
Current assets			
Trade debtors and other receivables	9.7	7.7	8.4
Cash and cash equivalents	26.8	29.8	27.1
Total current assets	36.5	37.5	35.5
Current liabilities	(13.1)	(10.9)	(7.6)
Net current assets	23.4	26.7	27.9
Net assets	24.0	27.2	28.3
Equity	24.0	27.2	28.3

Financials - cash

CASH BRIDGE FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009





Business strategy

Strategy

- **Promote currency Absolute Return as a manager-independent Asset Class – ‘currency beta’**
- **Seek to exploit opportunities for hedging (passive and active) products in the current market environment**
- **Seek to maintain and grow currency Absolute Return**
- **Develop both existing and new products within currency investment management**
- **Continued investment in people and infrastructure**

Product development

■ Existing products

- ✓ No changes to investment philosophy
- ✓ Continue to enhance diversification of currency pair selections in the Absolute Return process

■ New products

- ✓ Promoting currency Absolute Return as a manager-independent asset class requires new 'currency beta' products. Plans to launch a tracker product linked to FTSE FRB5 Index
- ✓ Emerging Markets: continue to explore opportunities to apply Record's investment processes, appropriately amended, to emerging market currencies
- ✓ Investment of £1m to trial Carry 250 Product (tracker of FTSE FRB 5) and a further £1m to trial the Emerging Market Product

Summary

- **Hedging providing diversified growth, in particular from US**
- **Focus for Absolute Return is on maintaining existing clients**
 - Consistency of investment process
 - Communicate and maintain relationships with clients and consultants
- **Exploit the opportunity for a currency 'beta' product aligned to FTSE currency FRB 5 Index**
- **Emerging markets products being developed**



Appendices



Management and Board

Executive Management

Name	Position	Experience
Neil Record	Chairman Chief Executive Officer	<ul style="list-style-type: none">■ Founded Record in 1983. Principal shareholder and Executive Chairman ever since (25 years at Record)■ Acknowledged as one of the leading figures in the currency investment management industry
Bob Noyen	Managing Director Chief Investment Officer	<ul style="list-style-type: none">■ Joined Record in 1999 with responsibility for Investment & Research (9 years at Record)■ Previously worked as Assistant Treasurer for Minorco (now part of Anglo American plc)
Leslie Hill	Managing Director Head of Client Team	<ul style="list-style-type: none">■ Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999 (16 years at Record)■ Prior experience includes working at Wells Fargo, Lloyds Bank and Merrill Lynch where she was Director and Head of Corporate Foreign Exchange Sales worldwide
Paul Sheriff	Director Chief Financial Officer	<ul style="list-style-type: none">■ Previously Group Finance Director for Arbuthnot Banking Group PLC and prior to that Commercial Finance Director of the Prudential's UK and European business

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■ Currently Senior Independent Director, Brit Insurance Holdings; Chairman, Drive Assist Holdings Ltd; Commissioner, Guernsey Financial Services Commission
Andrew Sykes	Non-Executive Director	<ul style="list-style-type: none">■ Formerly director, Schroders plc■ Currently non-executive director, Gulf International Bank (UK); Smith & Williamson Holdings; Chairman Invista Foundation Property Trust Limited; Absolute Return Trust Limited; investment committee of the Schroder Retirement Benefits Scheme
Jeremy Palmer	Non-Executive Director	<ul style="list-style-type: none">■ Formerly CEO at UBS Investment Bank, Europe, Middle East and Africa■ Prior experience includes working at Salomon Brothers, JP Morgan and Barings. Currently Partner in an investment firm
David Morrison	Non-Executive Director	<ul style="list-style-type: none">■ A director of PayPoint plc, 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

- **Currency for Absolute Return mandates:**

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

- **Active 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:**

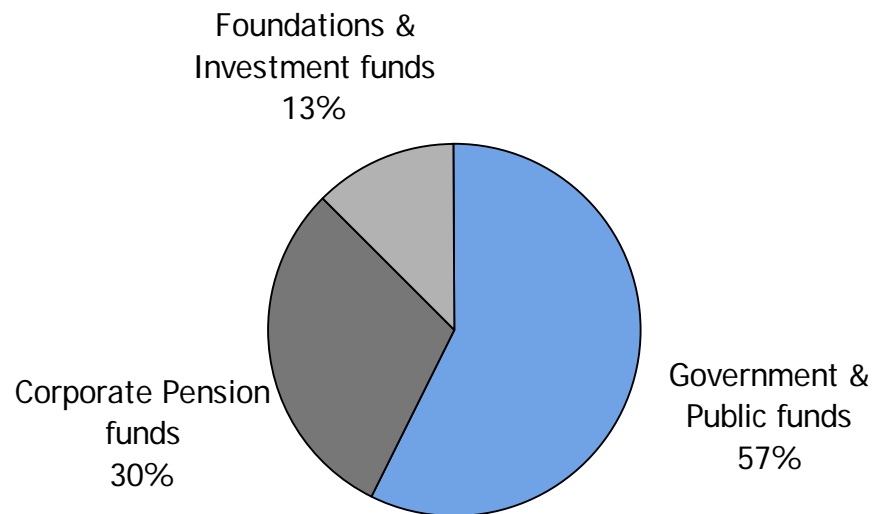
- = the aggregate nominal amount of passive hedges actually outstanding in respect of each client

- **Cash:**

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

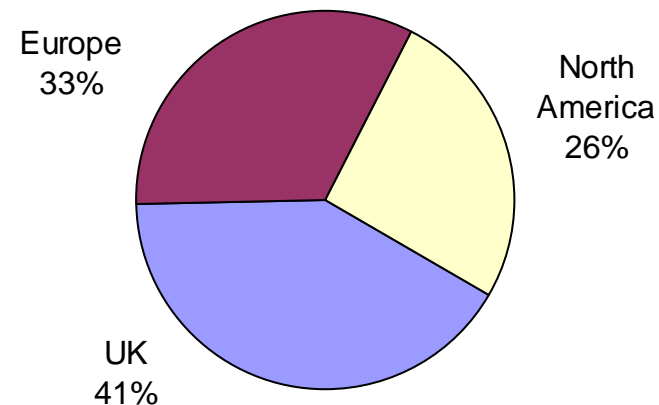
AuME analysis

Split of AuME by client type — 30 September 2009



Total: US\$36.0 billion

Split of AuME by country/region — 30 September 2009



Total: US\$36.0 billion

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

Financials – concentration

Largest clients by H110 fees

	AuME	Management	Performance	Total	
	\$bn	£m	£m	£m	%
Clients 1-10	19.1	8.8	-	8.8	54%
Clients 11-20	5.5	2.7	-	2.7	17%
Other clients	11.4	4.6	0.2	4.8	29%
Total Income	36.0	16.1	0.2	16.3	100%

Financials – cost analysis

Emphasis on cost control

	H109	H209	H110
	£m	£m	£m
Personnel (excluding Group Profit Share)	2.6	3.0	3.1
Non-personnel cost	2.1	2.1	1.8
Expenditure before Group Profit Share	4.7	5.1	4.9
Group Profit Share Scheme	6.2	4.9	3.5
Total expenditure	10.9	10.0	8.4

Financials – KPI's

KPIs

	H109	H110
Number of employees at 30 September	59	67
Operating costs *: management fees cover	5.2 times	3.3 times
Total remuneration** : total income cover	2.8 times	2.4 times
Operating profit margin	57.0%	49.1%
Basic eps	4.86p	2.68p

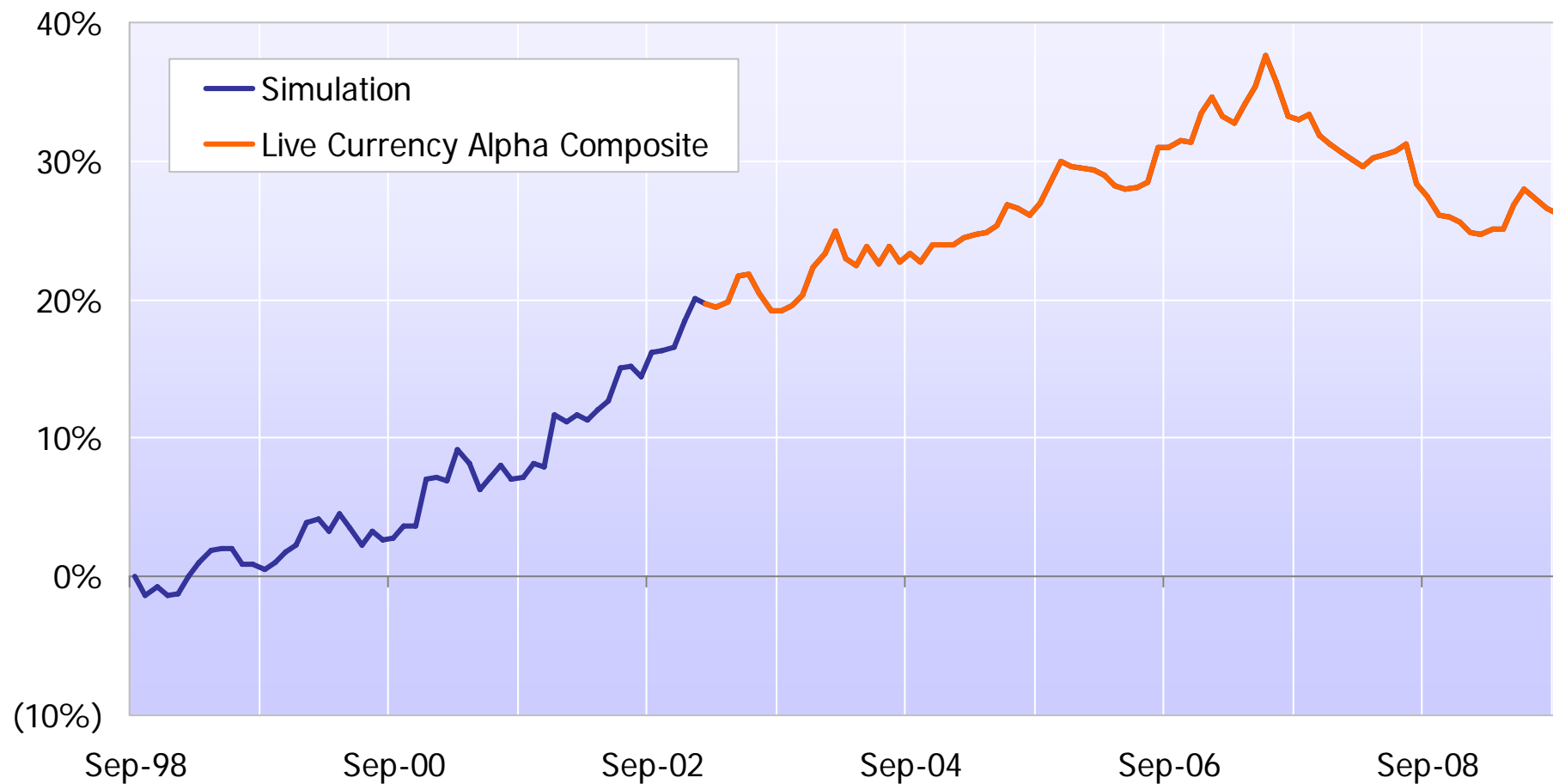
*

excluding profit related bonus

**

including variable remuneration

Absolute Return track record Oct 98 - Oct 09



Source: Record Currency Management. Simulated returns are for information only.