



Record plc

Annual results

Year ended 31 March 2017

16 June 2017



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.

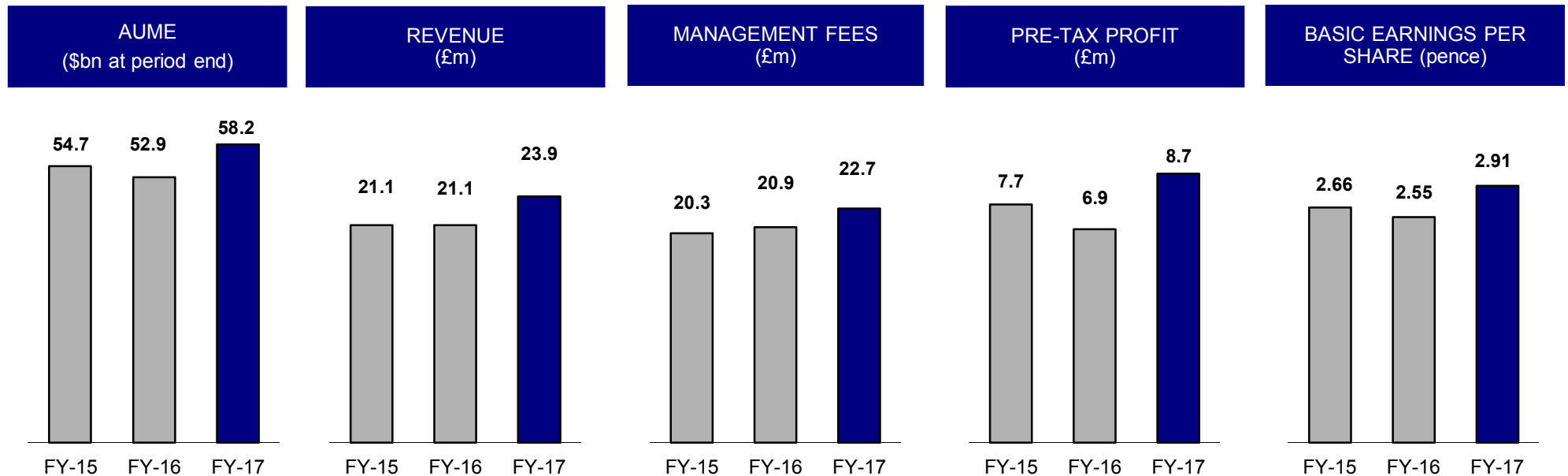


Business strategy



Headlines

- Client numbers up 1 to 59
- AUME \$58.2bn at 31 March 2017 (+10%)
- Revenue £23.9m (FY-16: £21.1m)
- Management fees of £22.7m (up 9% on FY-16)
- Operating profit margin of 36% (FY-16 : 32%)
- Underlying operating profit margin of 34% (FY-16: 33%)
- Pre-tax profit £8.7m (up 26% on FY-16)
- Underlying pre-tax profit of £7.9m (FY-16: £7.0m)
- Basic EPS 2.91p per share (FY-16: 2.55p per share)
- Final ordinary dividend of 1.175p per share, payable on 2 August 2017
- Special dividend of 0.91p per share, payable on 2 August 2017
- Shareholders' equity £36.8m at 31 March 2017



Note: definition of AUME on page 30

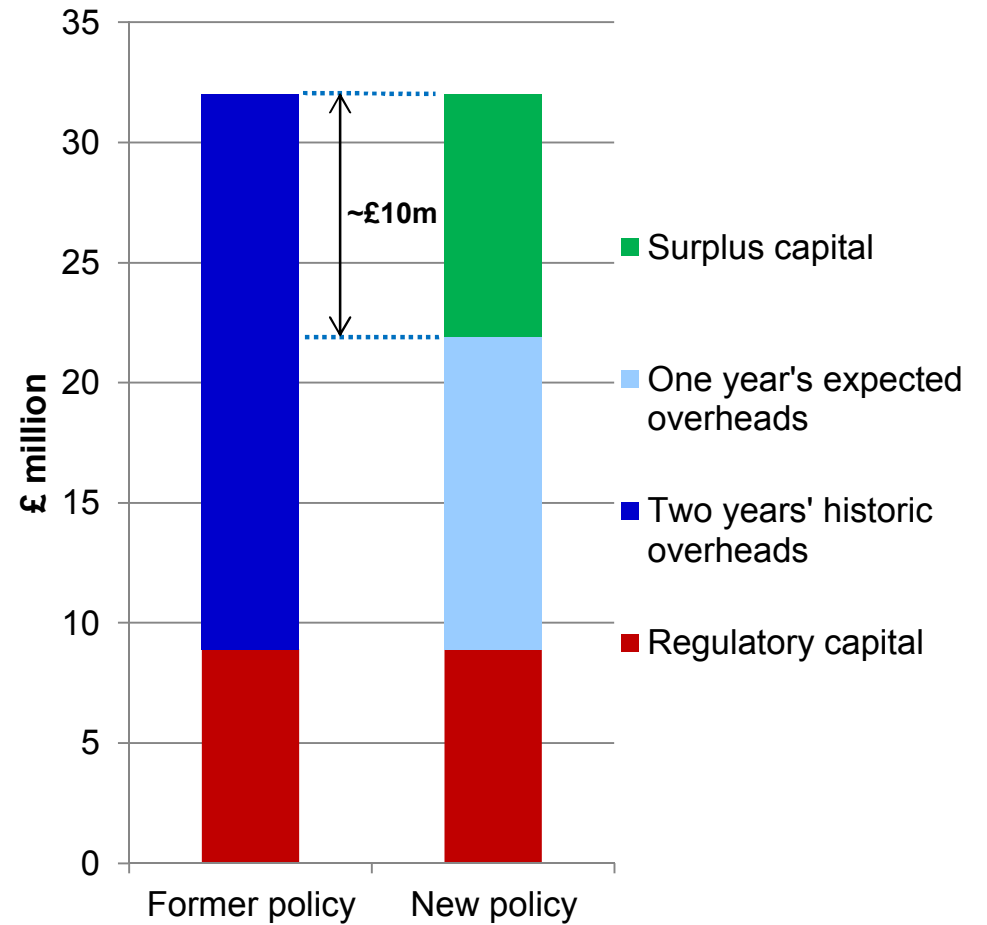
Capital policy

Former policy

- Retain capital broadly equivalent to
 - *Two years' worth of historic* overheads excluding variable remuneration, plus
 - Regulatory capital, plus
 - Working capital requirement, plus
 - Capital for investment in new opportunities

New policy

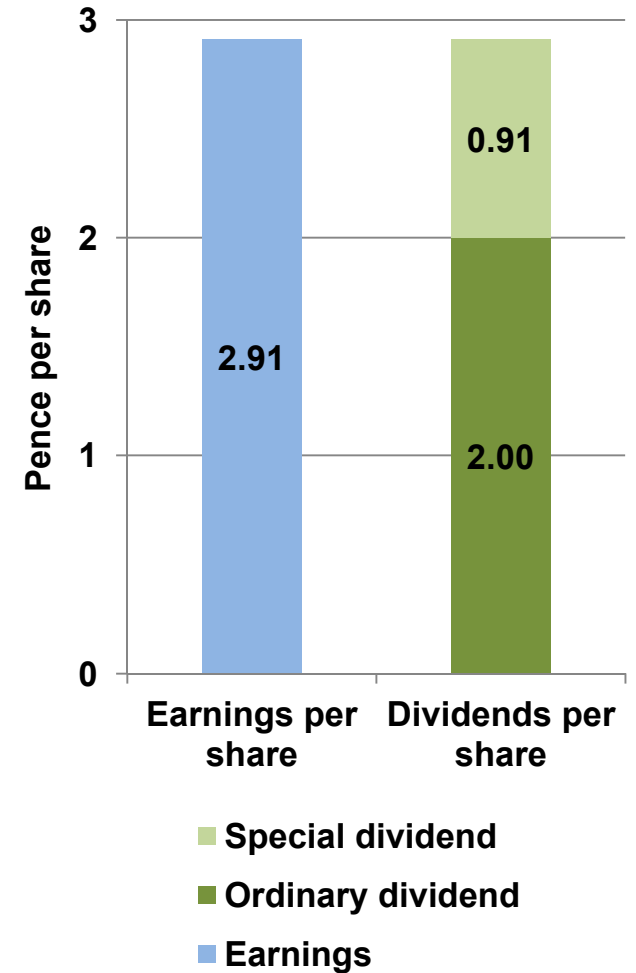
- Retain capital broadly equivalent to
 - *One year's worth of estimated future* overheads excluding variable remuneration, plus
 - Regulatory capital, plus
 - Working capital requirement, plus
 - Capital for investment in new opportunities





Dividend policy

- Announced intention to consider returning at least part of any excess of earnings over ordinary dividends, potentially as special dividends, with FY-16 results
- Recommending final ordinary dividend for FY-17 of 1.175 pence per share
 - Total ordinary dividend for FY-17: 2.00 pence per share (FY-16: 1.65 pence per share)
- Special dividend for FY-17 of 0.91 pence per share (FY-16: no special dividend)
- Dividend policy
 - Progressive ordinary dividend policy
 - Continue considering returning any excess of earnings over sum of ordinary dividends and increased capital requirements, normally as special dividends
 - Continue to consider ordinary dividends and other distributions on a “total distributions” basis





Current environment

- Clearer themes have emerged over the last year
- Currency risk management has risen on US investors' agendas
 - Still dependent on the path of the dollar
- Strong performance of Multi-Strategy attracting interest
 - Performance and diversification valuable in low return environment
- Increased focus on bespoke and differentiated services
 - Particularly in Passive Hedging, and evident across all products
- Broader capabilities in cash and collateral management
 - Mandatory variation margin requirements present opportunity as well as a threat
- Environment of political uncertainty and change creates opportunities
 - Draws investors' attention to inherent currency risk
 - No evident end to event-driven volatility



Strategy

- Maintain client relationships and generate new sales in FY-18
- Focus on offering flexible currency management strategies
 - Tailored offerings help maintain fee rates and act as key differentiator
 - Will require continued investment in systems and people
- Continue to enhance Hedging products and Currency for Return products
 - Increasingly offering complementary collateral and cash management
- Maintain diversity by investment strategy, objectives, client location
- Sustain marketing effort in US, UK and continental Europe
 - Offices in New York and Zürich
- Maintain appropriate capital resources in the business



Diverse product offering

■ Current product range

□ Hedging

- Dynamic Hedging First Live Programme 1983
- Passive Hedging First Live Programme 1999
- Signal Hedging First Live Programme 2016

□ Currency for Return

- Forward Rate Bias First Live Programme February 2003
- 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

□ Multi-product

- Complex currency solutions with multiple objectives First Live Programme August 2003

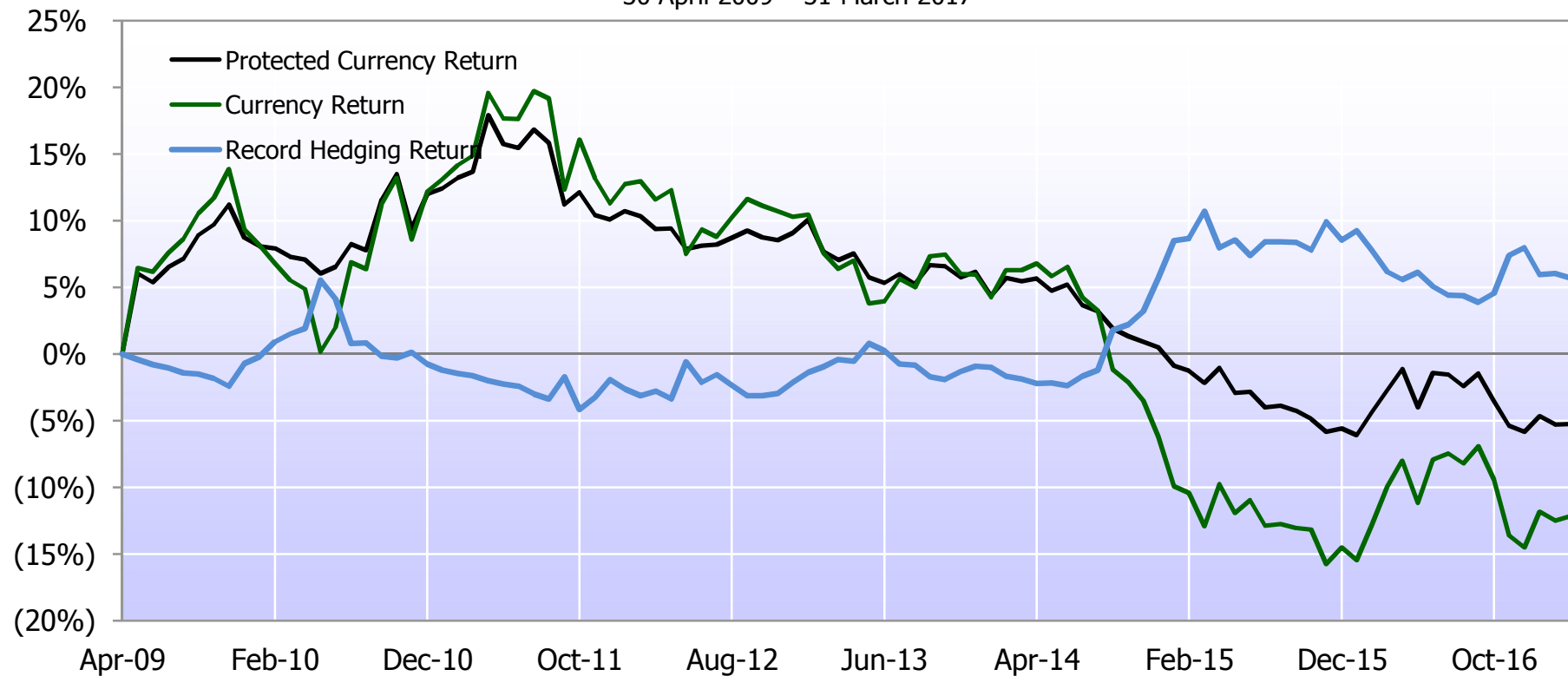


Product Performance



Performance of a US Dynamic Hedging Client

US Dynamic Hedging Client
30 April 2009 – 31 March 2017



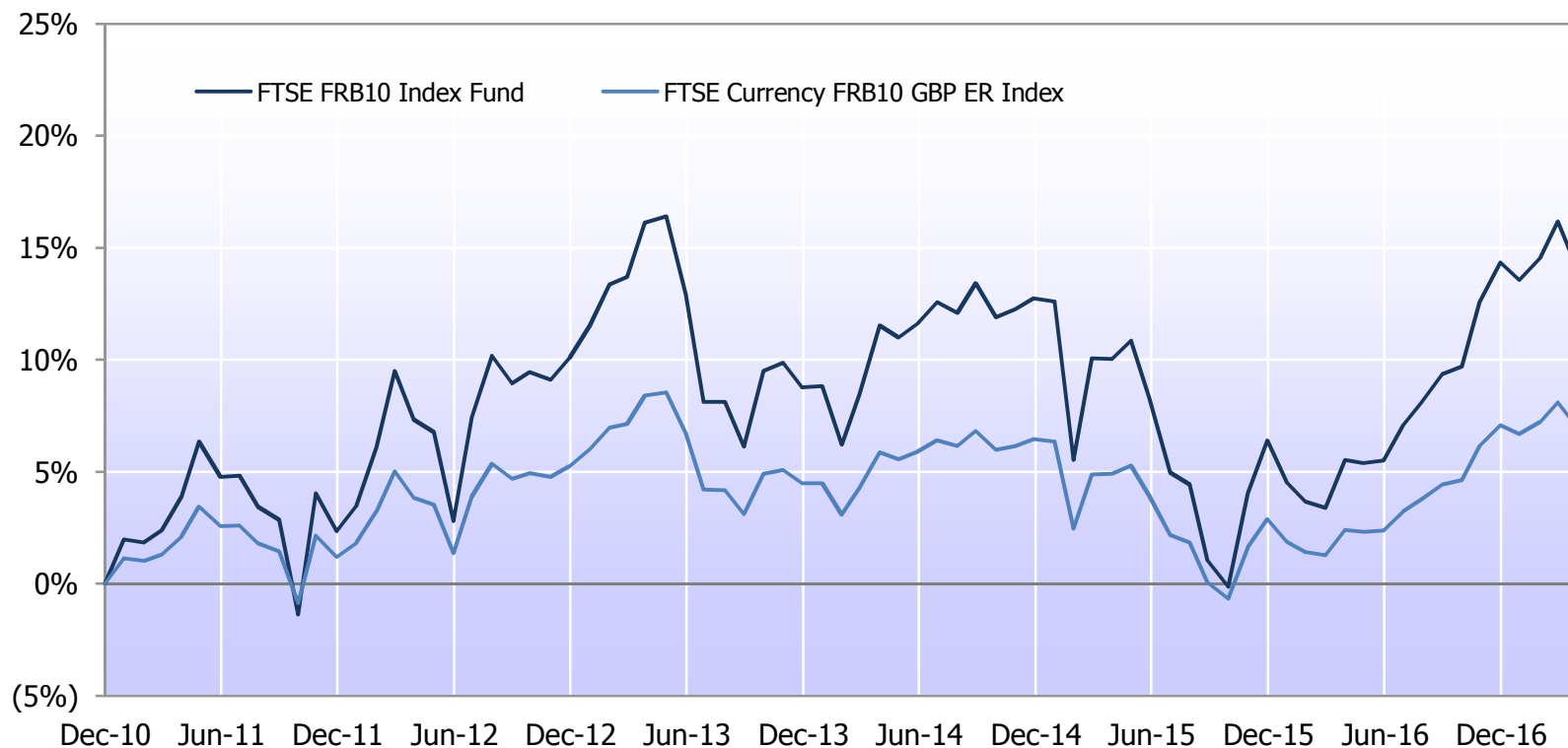
As at 31 March 2017	Protected Currency Return	Currency Return	Record Hedging Return
Inception to date (cum.)	(5.23%)	(12.18%)	5.72%
Inception to date (ann.)	(0.68%) p.a.	(1.63%) p.a.	0.71% p.a.

Source: Record Currency Management and WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging. Performance has been re-scaled to a 0%-100% dynamic range. Data is cumulative from 30 April 2009 to 31 March 2017.



FRB10 Fund Performance

Record Currency FTSE FRB10 Index Fund
01 December 2010 – 31 March 2017



As at 31 March 2017	FTSE FRB10 Index Fund (x1.8)
Inception to date (cum.)	14.04%
Inception to date (ann.)	2.10% p.a.

Source: Record Currency Management, FTSE International Ltd. Returns to 31 March 2017.



Emerging Market Currency Strategy Performance

Record Emerging Market Strategy
30 November 2009 – 31 March 2017



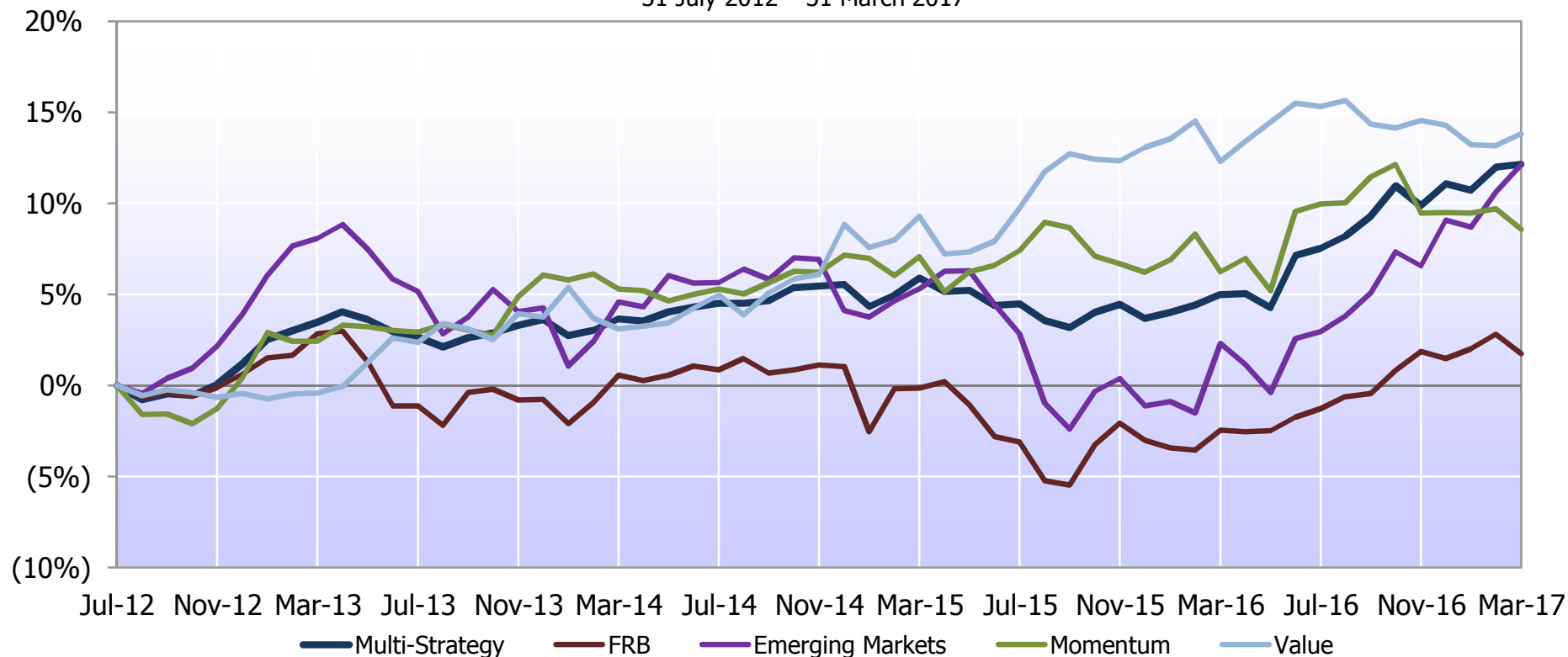
As at 31 March 2017	Emerging Market Strategy
Inception to date (cum.)	17.47%
Inception to date (ann.)	2.22% p.a.

Source: Record Currency Management. Total returns based on EM Beta product from 30 November 2009 to 31 December 2010 and Record EM Currency Fund from 1 January 2011 to 31 March 2017.



Multi-Strategy Performance

Record Multi-Strategy approach
31 July 2012 – 31 March 2017



As at 31 March 2017	Multi-Strategy	FRB	Emerging Markets	Momentum	Value	DBCR +*
Inception to date (cum.)	12.13%	1.74%	12.14%	8.57%	13.82%	8.09%
Inception to date (ann.)	2.48% p.a.	0.37% p.a.	2.49% p.a.	1.78% p.a.	2.81% p.a.	1.68% p.a.

Source: Record Currency Management and Bloomberg. The aggregate performance of the multi-strategy is based on a combination of live and third party index returns for the individual strands from 31 Jul 2012 to 30 Sep 2016. Thereafter, performance is based on live composite returns. Performance has been scaled to a 4% target volatility and is presented in USD. *Deutsche Bank currency index excess returns in USD: equally weighted strategies in Carry (includes EM currencies), Momentum and Value.

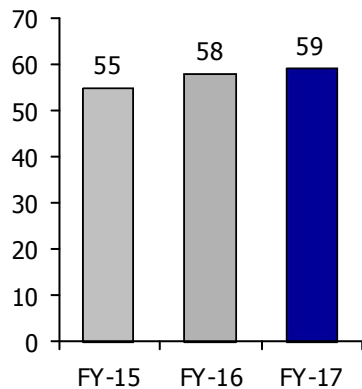


Financial Performance

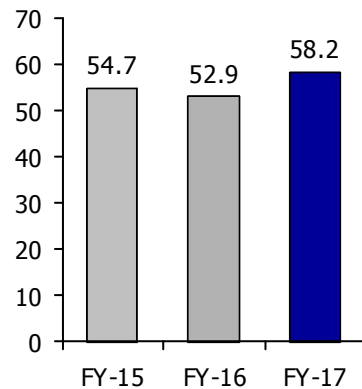


Financial KPIs

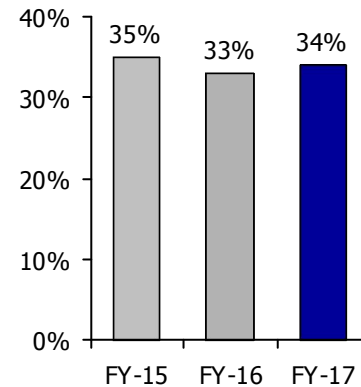
Client numbers



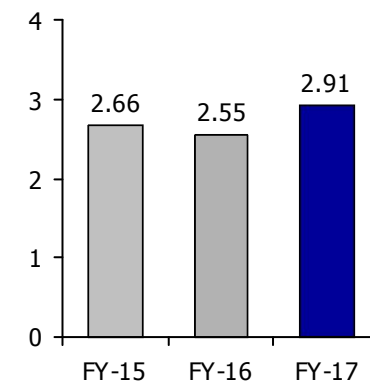
AUME (\$bn)



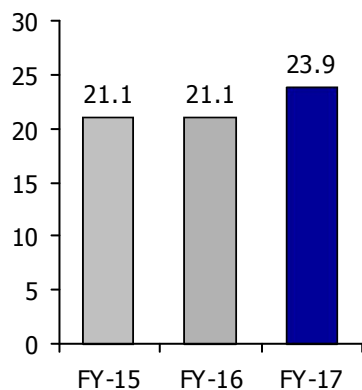
Underlying operating margin



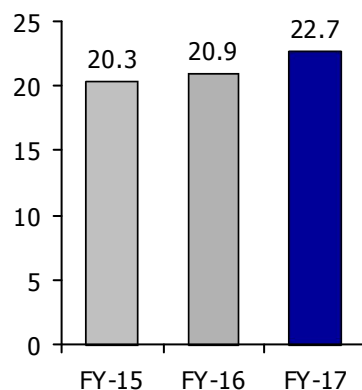
EPS (pence)



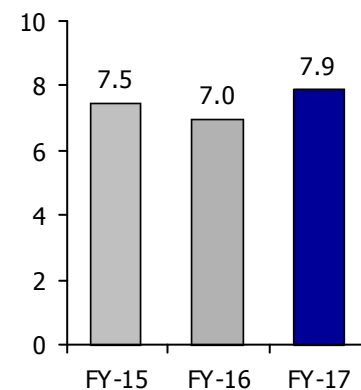
Revenue (£m)



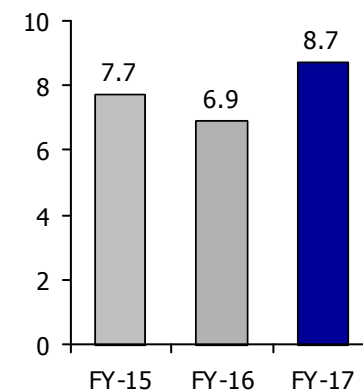
Management fees (£m)



Underlying profit before tax (£m)



Profit before tax (£m)





Financials – client numbers

	31 Mar 17	31 Mar 16
Dynamic Hedging	6	7
Passive Hedging	41	38
Hedging	47	45
Currency for Return	11	10
Multi-product	2	3
Other	3	1
Less clients with >1 product	(4)	(1)
Total	59	58

Notes: (i) prior year client numbers have been restated to reflect the new product classification

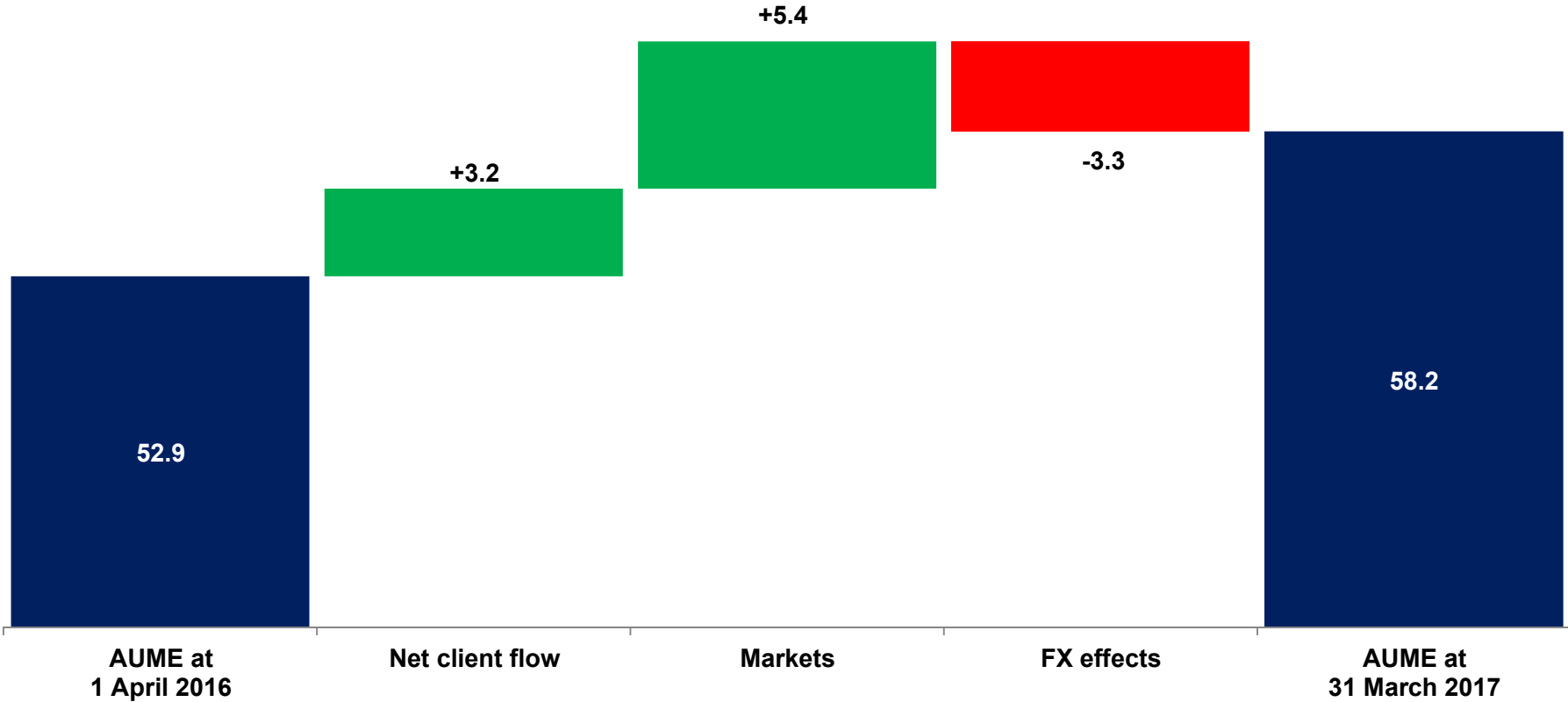
(ii) total of client numbers by product type is greater than total client numbers due to some clients having more than one account;

(iii) for pooled funds, client numbers look through pooled funds to individual investor level.



Financials – AUME movement

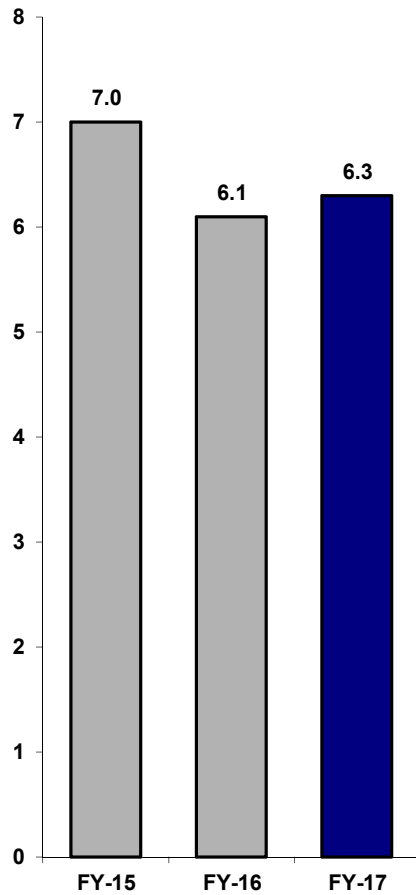
AUME bridge for the year ended 31 March 2017 (\$bn)



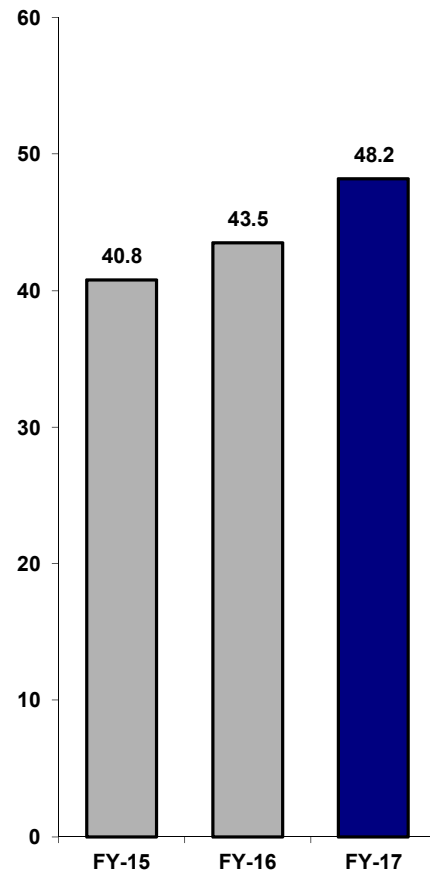


AUME by product at period end

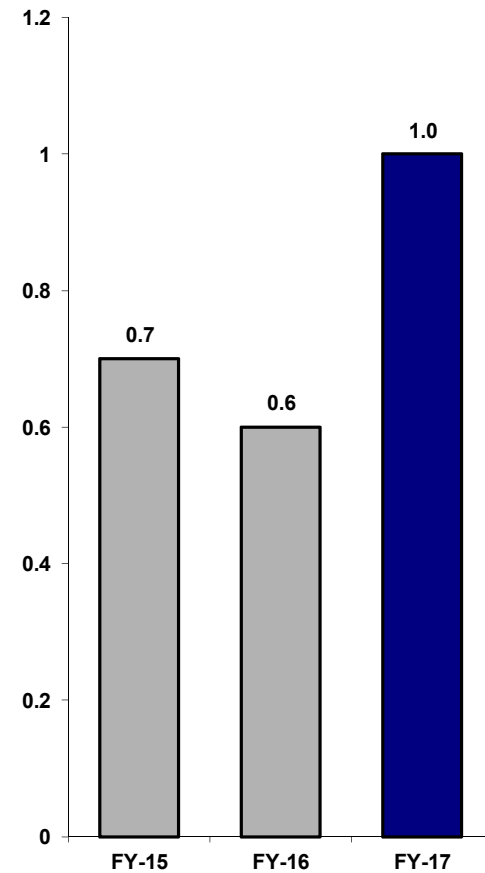
Dynamic Hedging (\$bn)



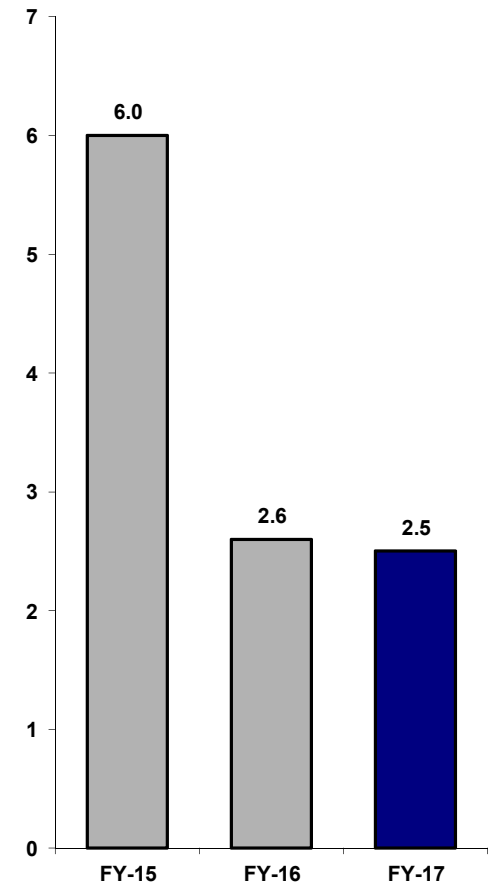
Passive Hedging (\$bn)



Currency for Return (\$bn)



Multi-product (\$bn)





Hedging mandates – underlying assets

Composition of assets underlying the Hedging mandates

	Equity	Fixed income	Other
Dynamic Hedging	98%	-%	2%
Passive Hedging	29%	42%	29%
Multi-product	-%	-%	100%

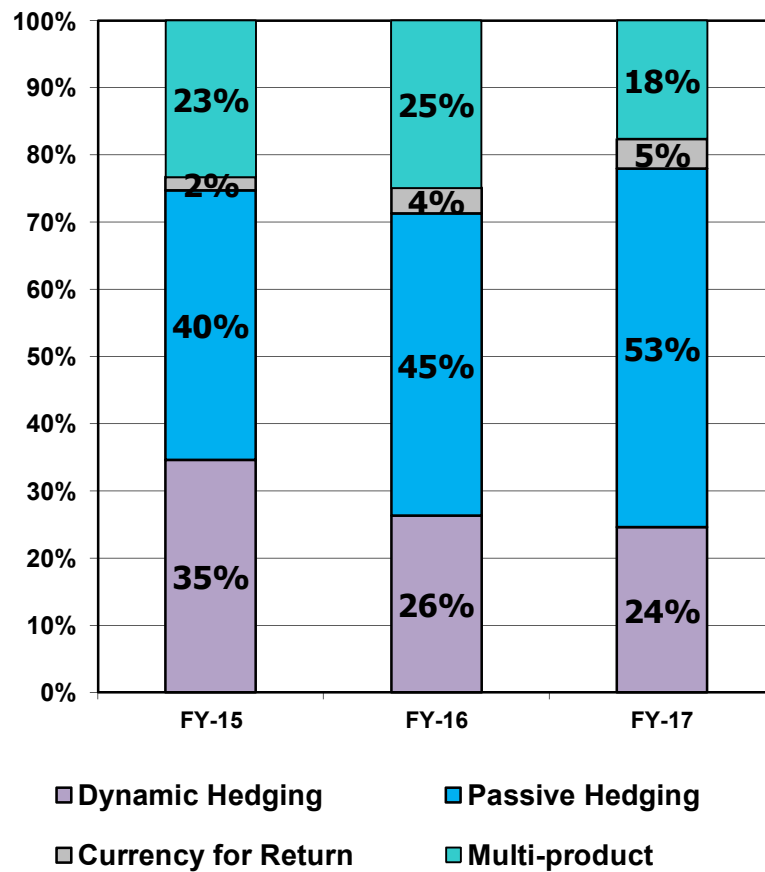


Average AUME, management fee rates and fees

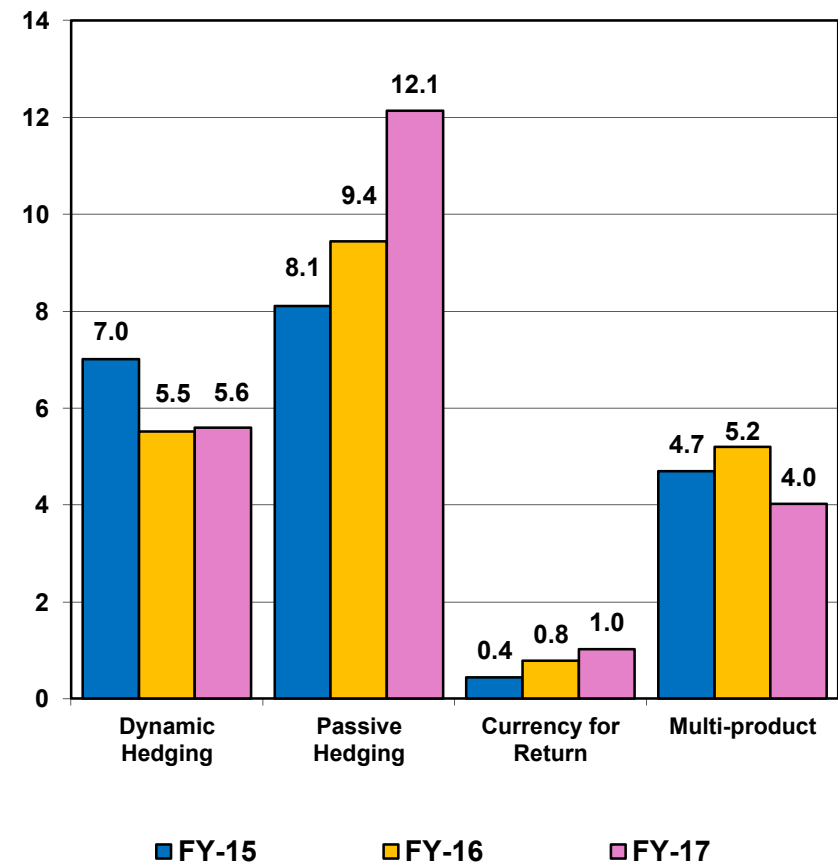
	Av. AUME (\$bn)		Av. mgmt. fee rates (bps)		Mgmt. Fee (£m)	
	FY-17	FY-16	FY-17	FY-16	FY-17	FY-16
Dynamic Hedging	5.9	6.5	12	13	5.6	5.5
Passive Hedging	45.2	41.9	4	3	12.1	9.4
Currency for Return	0.9	0.6	15	20	1.0	0.8
Multi-product	2.7	4.2	20	19	4.0	5.2

Financials – fee analysis

Management fees analysis by product



Management fees by product (£m)





Financials – cost analysis

	FY-17	FY-16
	£m	£m
Personnel (excluding Group Profit Share)	7.1	6.8
Non-personnel cost	4.6	4.3
Expenditure before Group Profit Share	11.7	11.1
Group Profit Share Scheme	3.3	3.0
Total expenditure	15.0	14.1

Financials – income statement

	FY-17		FY-16	
	Underlying £m	Consolidated £m	Underlying £m	Consolidated £m
Management fees	22.7	22.7	21.0	20.9
Performance fees	-	-	0.3	0.3
Other income	0.4	1.2	-	(0.1)
Total revenue	23.1	23.9	21.3	21.1
Cost of sales	(0.5)	(0.3)	(0.4)	(0.2)
Gross profit	22.6	23.6	20.9	20.9
Operating costs (excl. variable remuneration)	(11.6)	(11.7)	(11.0)	(11.1)
Variable remuneration	(3.3)	(3.3)	(3.0)	(3.0)
Total expenditure	(14.9)	(15.0)	(14.0)	(14.1)
Operating profit	7.7	8.6	6.9	6.8
Operating Profit Margin	34%	36%	33%	32%
Finance income	0.2	0.1	0.1	0.1
Profit before tax	7.9	8.7	7.0	6.9
Taxation	(1.6)	(1.6)	(1.5)	(1.5)
Profit after tax	6.3	7.1	5.5	5.4

Financials - earnings

	FY-17	FY-16
	£m	£m
Profit before tax	8.7	6.9
Tax	(1.6)	(1.5)
Profit after tax	7.1	5.4
Profit attributable to equity holders	6.3	5.5
Profit/loss attributable to non-controlling interests	0.8	(0.1)
eps – basic	2.91p	2.55p
eps – diluted	2.90p	2.54p
Total ordinary dividend per share	2.00p	1.65p
Special dividend per share	0.91p	0.00p
Dividend cover	1.0x	1.5x

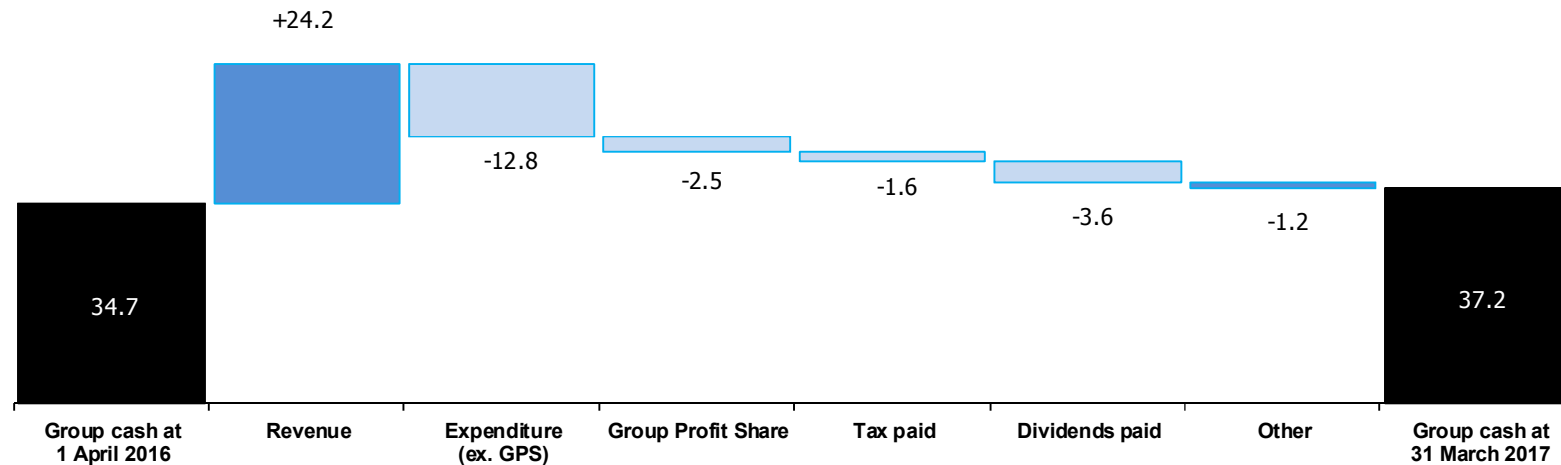


Financials – balance sheet

	FY-17	FY-16
	£m	£m
Fixed assets	1.1	0.4
Deferred tax assets	0.1	-
Non-current assets	1.2	0.4
Trade debtors and other receivables	7.0	5.7
Derivative financial assets	0.1	0.1
Money market instruments	18.1	13.0
Cash and cash equivalents	19.1	21.7
Current assets	44.3	40.5
Current liabilities	(3.9)	(3.2)
Net assets	41.6	37.7
Equity attributable to owners of the parent	36.8	33.7
Non-controlling interests	4.8	4.0
Total equity	41.6	37.7

Financials - cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2017 (£m)



- 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 1 year. Whilst the Group manages and considers all of these instruments as cash, which are subject to its own internal cash management process, not all of these instruments are classified as cash or cash equivalents under IFRS.
- The IFRS classification of these instruments has a material impact on the IFRS cash flow statement which considers the flows relating to cash and cash equivalents only, and indicates a £5.1 million cash outflow as a result of transfers between “cash and cash equivalents” and “money market instruments with maturities greater than 3 months”.
- Group cash at 31 March 2017 includes £8.1 million held by the seed funds (1 April 2016: £6.9 million).



Appendices

Management and Board

Executive management

Name	Position	Experience
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
Neil Record	Chairman	<ul style="list-style-type: none"> ■ Founded Record in 1983, principal shareholder and Chairman ever since ■ Acknowledged as one of the leading figures in the currency investment management industry
David Morrison	Senior Independent Director	<ul style="list-style-type: none"> ■ Director PayPoint 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
Jane Tufnell	Non-Executive Director (independent)	<ul style="list-style-type: none"> ■ Co-founded the investment management firm Ruffer in 1994 ■ Currently Senior Independent Director of The Diverse Income Trust plc and a Non-executive Director of JPMorgan Claverhouse Investment Trust plc
Rosemary Hilary	Non-Executive Director (independent)	<ul style="list-style-type: none"> ■ Appointed 1 June 2016. Non-executive Director of Pension Protection Fund, Willis Ltd, Vitality Health and Vitality Life ■ Formerly Chief Audit Officer at TSB and the FCA/FSA; a senior regulator at the FSA and Bank of England



AUME definition

- 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
- Multi-product mandates:
 - = the chargeable mandate size for each client, plus
- Cash:
 - = the total set aside by clients and managed and/or "equitised" using futures by Record.



Mandate classification changes

	Historic presentation		reclassification		AUME re-definition		Revised presentation	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
AUME (US\$ billion)								
Dynamic Hedging	8.7	7.9	-2.4	-1.8	0.0	0.0	6.3	6.1
Passive Hedging	48.7	43.8	-0.5	-0.4	0.0	0.0	48.2	43.4
Currency for Return	2.1	1.8	-1.1	-1.2	0.0	0.0	1.0	0.6
Multi-product	n/a	n/a	+4.0	+3.4	-1.5	-0.8	2.5	2.6
Cash & other	0.2	0.2	0.0	0.0	0.0	0.0	0.2	0.2
Total	59.7	53.7	0.0	0.0	-1.5	-0.8	58.2	52.9

Management fees

	Historic presentation		reclassification		AUME re-definition		Revised presentation	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Management fees (£ million)								
Dynamic Hedging	8.4	8.3	-2.8	-2.8			5.6	5.5
Passive Hedging	12.1	9.4	0.0	0.0			12.1	9.4
Currency for Return	2.2	3.2	-1.2	-2.4			1.0	0.8
Multi-product	n/a	n/a	+4.0	+5.2			4.0	5.2
Total	22.7	20.9	0.0	0.0			22.7	20.9

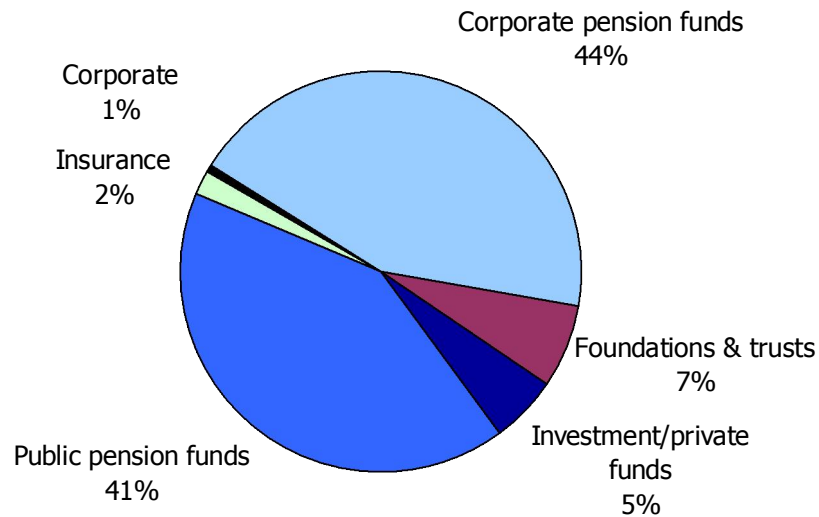
Management fee rates

	Historic presentation		reclassification		AUME re-definition		Revised presentation	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Management fee rates (bps per annum)								
Dynamic Hedging	14	15					12	13
Passive Hedging	3	3					4	3
Currency for Return	13	15					15	20
Multi-product	n/a	n/a					20	19



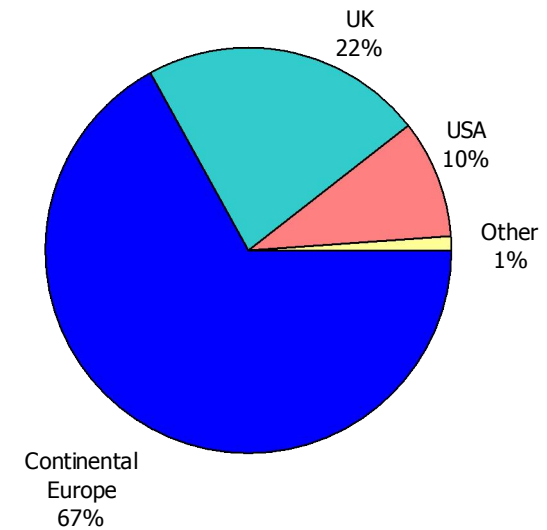
AUME analysis

Split of AUME by client type — 31 March 2017



Total: \$58.2 bn

Split of AUME by geography — 31 March 2017



Total: \$58.2 bn

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



Financials – concentration

Largest clients by FY-17 management fees

	AUME	Management fees	
	\$bn	£m	%
Clients 1-10	40.5	16.7	74%
Clients 11-20	10.7	3.9	17%
Other clients	7.0	2.1	9%
Total	58.2	22.7	100%