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15 November 2024

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# Record Financial Group

## H1 FY25 Results Presentation

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# 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.



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# Agenda

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## Highlights

Strategic Update

Financial Performance

Summary & Outlook

# Highlights

AUM  
**\$106.0bn**  **4%**  
vs 31/3/24

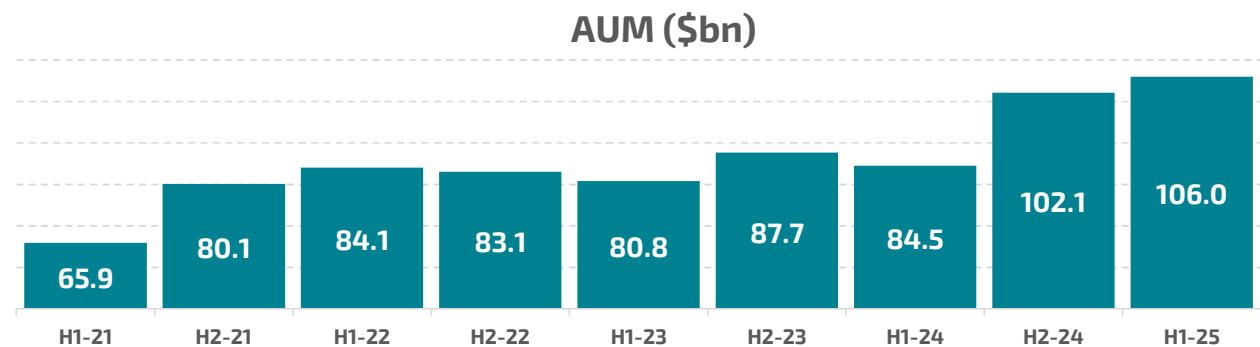
Revenue  
**£21.1m**  **(2%)**  
vs H1FY24

Operating margin  
**26.8%**  **(178bps)**  
vs H1FY24

EPS  
**2.58p**  **4%**  
vs H1 FY24

Interim dividend  
per share  
**2.15p**  **-%**

- AUM up 3.7% since year end; up 25% y-o-y
- Growth in management fees from core currency management products
- Launch of Infrastructure Equity Fund marks a new chapter for Record and a foundation for future growth
- Key hires in RAM to build on success and accelerate growth
- Higher EPS to Record shareholders reflecting minority cost share
- Interim dividend maintained at 2.15p





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# Focus on our strategic objectives

## Organic Growth

- Overall revenue down 2% with growth offset by the one-off impact of a large client mandate restructure
- AUM inflows in higher-margin products – Hedging for Asset Managers, FX Alpha, EM debt

## Improve Quality of Earnings

- Business reorganised by product with clearly defined accountabilities
- Infrastructure Equity Fund will deliver committed long-term revenues

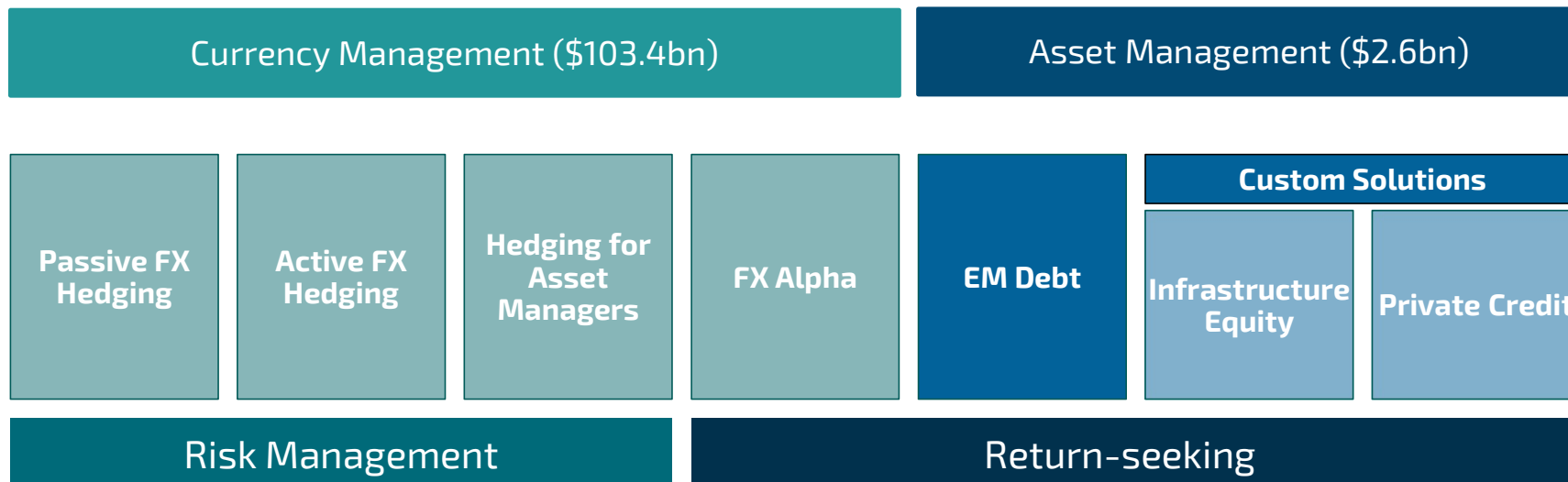
## Operational Excellence

- Under the new IT leadership, implemented roadmap to ensure client technology remains state-of-the-art and internal infrastructure can be scaled to support growth
- Operational infrastructure to support growth in European asset management business
- Lease signed on new London headquarters

# Products





Product categories where we can offer a unique value proposition and where we can be best-in-class

- AUM up \$21.5bn (25%) over the last 12 months across all products
- Risk management products increasingly attractive in periods of political and economic uncertainty



# Currency Management

- Currency Management AUM increased by \$25bn since last year, to reach a record \$103.4bn. During the period, AUM increased in every Currency Management product
- Strong pipeline for Hedging for Asset Managers and FX Alpha

| Passive FX Hedging  | Active FX Hedging   | Hedging for Asset Managers   | FX Alpha  |
|---|---|--|---|
| <ul style="list-style-type: none"> <li>• AUM growth driven by FX movements; modest underlying outflows</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Weak USD affecting performance</li> </ul>  | <ul style="list-style-type: none"> <li>• New mandate wins during the period</li> <li>• Strong sales pipeline</li> </ul>                                  | <ul style="list-style-type: none"> <li>• Highly attractive offering continues to deliver for existing client and attract new interest</li> </ul>        |
| <div>\$68.3bn</div> <div>  <b>3%</b><br/>vs H2 FY24         </div> | <div>\$16.8bn</div> <div>  <b>2%</b><br/>vs H2 FY24         </div> | <div>\$12.3bn</div> <div>  <b>18%</b><br/>vs H2 FY24         </div> | <div>\$6.0bn</div> <div>  <b>33%</b><br/>vs H2 FY24         </div> |



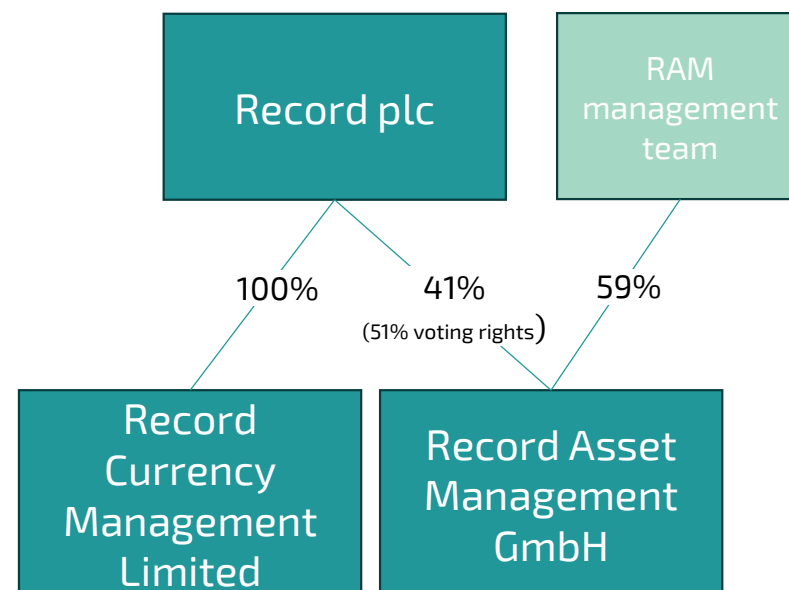
# Asset Management

- Launch of Infrastructure Equity Fund, an important milestone in building our Asset Management offering
- Active pipeline of large scale opportunities

| EM Debt  |  | Infrastructure Equity   |  | Active pipeline   |  |
|--|--|---|--|---|--|
| <ul style="list-style-type: none"><li>• EMSF launched June 2021</li><li>• Trailblazing approach to EM local debt</li></ul> |  | <ul style="list-style-type: none"><li>• Respond to demand from Swiss pension fund clients</li><li>• Investor opportunities in world's megatrends (eg energy transition; digital transformation)</li></ul> |  | <ul style="list-style-type: none"><li>• Focussed on our unique capabilities to deliver custom solutions at large scale</li><li>• Includes Private Credit and expansion of GP Stakes</li></ul> |  |
| \$1.1bn  |  | ↑14%<br>vs H2 FY24  |  | \$1.1bn<br>(commitments)  |  |
|  |  | NEW   |  |   |  |

# Record Asset Management

- Growing demand for credible, long-term partners with a strong execution track record
- Comprehensive asset management services:
  - effective governance framework
  - managing legal structures
  - supporting complex private market investment strategies
- Bafin regulated, Frankfurt-based subsidiary
- Highly experienced team based in Frankfurt, Zurich, Zug, and London
- Management shareholding aligns incentives



# Infrastructure Equity Fund

## The Fund

- €1.07bn committed funds, by 4 different investors, to be deployed over 3 years
- Minority equity stakes in individual assets in Europe and North America
- Huge demand for capital globally to achieve development, economic and transition goals
- Management fees earned over expected minimum 15 year investment period
- Collaboration between group of existing and new pension fund clients
- Direct response to client demands



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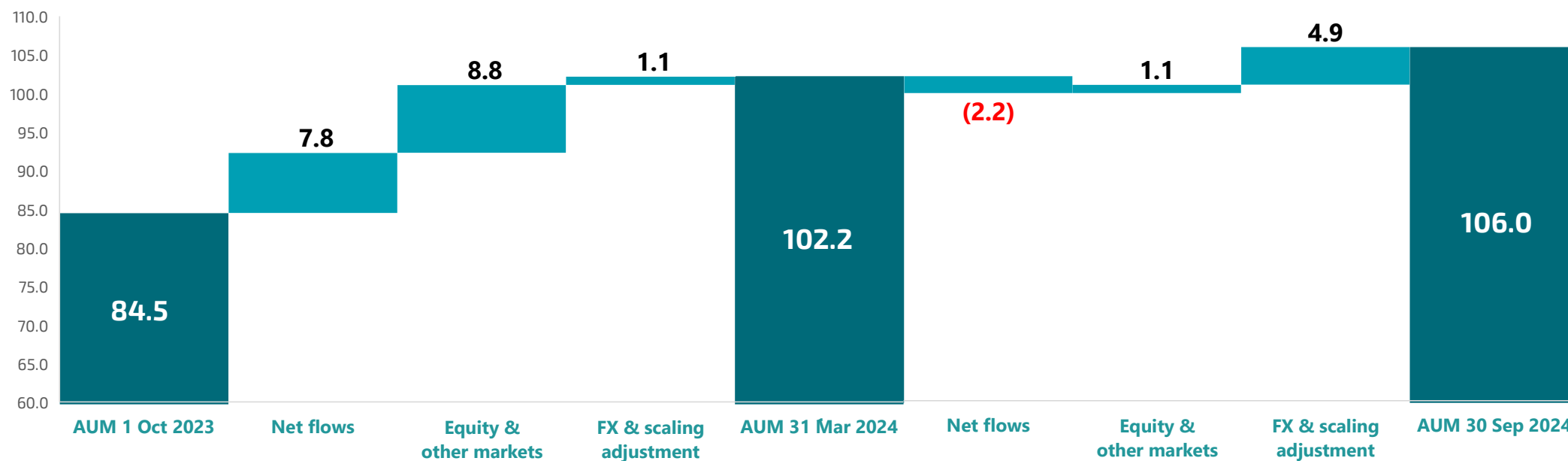
# Financials

| £m                                      | H1 FY25      | H1 FY24      | Change       |
|---|--------------|--------------|--------------|
| Management fees                         | 19.0         | 19.6         | (3%)         |
| Performance fees                        | 1.6          | 1.5          | 8%           |
| Other currency services income          | 0.5          | 0.4          | 31%          |
| <b>Total revenue</b>                    | <b>21.1</b>  | <b>21.5</b>  | <b>(2%)</b>  |
| Cost of sales                           | (0.2)        | (0.1)        | Nm           |
| <b>Gross profit</b>                     | <b>20.9</b>  | <b>21.4</b>  | <b>(2%)</b>  |
| Administrative expenses                 | (15.4)       | (15.0)       | (2%)         |
| Other income and expenditure            | 0.1          | (0.3)        | Nm           |
| <b>Operating profit</b>                 | <b>5.6</b>   | <b>6.1</b>   | <b>(8%)</b>  |
| Net finance income                      | 0.3          | 0.2          | 92%          |
| <b>Profit before tax</b>                | <b>5.9</b>   | <b>6.3</b>   | <b>(6%)</b>  |
| Taxation                                | (1.6)        | (1.6)        | -            |
| <b>Profit after tax</b>                 | <b>4.3</b>   | <b>4.7</b>   | <b>(10%)</b> |
| Non-controlling interests               | (0.7)        | 0.0          | Nm           |
| PAT attributable to Record shareholders | <b>5.0</b>   | <b>4.7</b>   | <b>5%</b>    |
| <b>EPS</b>                              | <b>2.58p</b> | <b>2.48p</b> | <b>4%</b>    |

- Management fees down £0.6m reflecting large client mandate restructure in Q3 FY24. Flat to H2 FY24 in line with guidance.
- Performance fees in line with prior year.
- Increase in administrative expenses from higher salary cost and higher professional fees reflecting investment in the Asset Management business.
- However administrative expenses have been carefully managed to bring H1 FY25 run rate below H2 FY24.
- Increased EPS after minority share of start up losses.

# Assets Under Management

AUM bridge for the year ended 30 September 2024 (\$bn)



# Management Fees

| £m                              | H1 FY25     | H1 FY24     | Change       |
|---------------------------------|-------------|-------------|--------------|
| Passive FX Hedging              | 5.8         | 4.4         | 33%          |
| Active FX Hedging               | 7.1         | 7.0         | 1%           |
| Hedging for Asset Managers      | 1.7         | 1.5         | 14%          |
| FX Alpha                        | 0.8         | 0.6         | 29%          |
| <b>Currency management fees</b> | <b>15.4</b> | <b>13.5</b> | <b>14%</b>   |
| EM Debt                         | 2.5         | 2.5         | 3%           |
| Custom Solutions                | 1.1         | 3.7         | (70%)        |
| <b>Asset management fees</b>    | <b>3.6</b>  | <b>6.1</b>  | <b>(41%)</b> |
| <b>Total management fees</b>    | <b>19.0</b> | <b>19.6</b> | <b>(3%)</b>  |

- Passive Hedging fees up £1.4 million reflect higher AUM driven by inflows and positive equity market movements
- New client wins for Hedging for Asset Manager products
- FX Alpha products saw good AUM inflows resulting in a 33% increase in management fees to £0.8 million
- EM Debt fees flat as average AUM broadly in line over the periods
- Custom Solutions down due to previously announced restructure of a large client mandate

# Administrative Expenditure

| £m                                      | H1 FY25     | H1 FY24     | Change    |
|---|-------------|-------------|-----------|
| People costs                            | 7.4         | 7.1         | 4%        |
| Overheads and other costs               | 5.6         | 5.3         | 6%        |
| <b>Administrative expenditure</b>       | <b>13.0</b> | <b>12.4</b> | <b>5%</b> |
| Group bonus scheme                      | 2.4         | 2.6         | (8%)      |
| <b>Total administrative expenditure</b> | <b>15.4</b> | <b>15.0</b> | <b>2%</b> |

- People costs up £0.4m which includes general salary increases and investment into internal development capabilities
- Overheads and other costs comprises primarily technology, market data and professional fees. Increase reflects RAM investment
- Group bonus scheme in line with operating profit for the period



# Balance Sheet and Capital

## Balance Sheet

- Highly cash generative, capital light business
- Balance sheet strength an important consideration for clients
- Capital and liquidity sufficient to meet regulatory requirements and support investment opportunities

|                            | H1-24<br>£m | H2-24<br>£m | H1-25<br>£m |
|----------------------------|-------------|-------------|-------------|
| Cash & MM deposits         | 14.8        | 17.5        | 14.3        |
| Net assets                 | 28.5        | 29.0        | 27.7        |
| Regulatory capital         | 8.3         | 8.3         | 10.4        |
| Regulatory capital surplus | 18.3        | 20.7        | 16.8        |

## Organic Investment priorities

- Investing in new Technology roadmap to maintain market leading technology and infrastructure as a core competitive advantage
- Adding specialist asset management expertise
- Expenditure carefully calibrated to revenue expectations

# Financial Outlook

- For the remainder of FY25, expect H1 run rates for management fees and administrative expenses to continue through H2
- Trading for FY25 in line with expectations
- Interim dividend maintained at 2.15p per share; remains our intention to pay a progressive dividend in line with policy



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# Summary

- Business remains very strong with AUM continuing to grow, up 4% since FY24 to \$106bn, \$25bn higher than 1 year ago
- Strong cash generation and robust capital position provides solid platform for growth
- Management focus on distinct product categories where we offer a unique value proposition and can be best-in-class
- Launch of Infrastructure Equity Fund showcases our ability to deliver tailor-made, best-in-class investment solutions for major institutional investors and we have a strong pipeline of new opportunities
- We are committed to the strategic objectives I have outlined, and we will provide guidance on our medium-term growth plans at the full year