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June 2022

Record plc

Annual Results Presentation

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.

Financial headlines

- ✦ AUME \$83.1bn (FY-21: \$80.1bn) **+4%**
- ✦ Revenue £35.1m (FY-21: £25.4m) **+38%**
- ✦ Management fees £34.1m (FY-21: £24.9m) **+37%**
- ✦ Performance fees £0.5m (FY-21: £0.1m) **+400%**
- ✦ Operating profit margin 31% (FY-21: 24%) **+7%**
- ✦ Pre-tax profit £10.9m (FY-21: £6.2m) **+76%**
- ✦ Basic EPS: 4.52p (FY-21: 2.75p) **+64%**
- ✦ Proposed final ordinary dividend of 1.80p per share **+57%**
- ✦ Special dividend of 0.92p per share **+104%**
- ✦ Total dividend pay-out ratio of 100% (FY-21: 100%)





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Agenda

Business Strategy

Product Performance

Financial performance

Growth strategy

Modernisation, Diversification and Succession

Building on strong foundations:

- ✦ Established reputation and expertise, cash generative and profitable business model, high quality institutional clients and longevity of client relationships
- ✦ Proven resilience and adaptability of business model through unprecedented market and social environment

Modernisation

- ✦ Technological advances give opportunities to enhance client experience, and improve operational efficiency and capability
- ✦ Greater flexibility to adapt to changes in markets and investor appetite

Diversification

- ✦ Evolving from niche currency and derivatives manager to asset manager
- ✦ Client-led opportunities for collaboration, strategic partners on innovative new products
- ✦ Diversification of people, products, client type and geography, specialist skillsets and alternative markets

Succession

- ✦ Plan for future generational change – retention and alignment of future key personnel
- ✦ Maintain strong capital position supporting investment, talent management and our dividend policy

Growth drivers and 3 year plan

Record well-positioned to capitalise on growth drivers...

Transition from FX manager to asset manager building traction and already delivering results

Change in strategy has delivered significant revenue growth over 2 years (+37%)

Innovative, higher revenue-margin products will deliver increased operating margin

Broader expertise - recruitment of experienced hires (e.g. fixed income, frontier FX, structured products)

Increased distribution channels in Europe and US in collaboration with experienced partners

Strong pipeline of opportunities in both new and existing products

Return of performance fees linked to the return of interest rate differentials

...to achieve attractive medium-term financial targets



Revenue > £60m p.a. for FY-25



Operating margin c. 40% by FY-25 (inflation willing)



Ordinary dividend target payout ratio range between 70% to 90% of EPS



Performance fees give further opportunities to outperform targets

Our ESG initiatives

Launch of new sustainability strategy

1. Responsible Investment...Impact and ESG integration in currency investing identified as essential prerequisite to successful, resilient and prudent investment management
2. Our People...Attracting, developing and supporting diverse talent is central to our success
3. Climate Action.... Incorporate climate change considerations across all areas of the business, both operationally and in terms of our investments

***Approach to sustainability linked with our new corporate strategy:
diversification, modernisation, succession***



Progress on ESG commitments

- ✦ Record EM Sustainable Finance Fund
 - ✦ Aiming to improve the flow of finance to projects in emerging markets by absorbing currency risk and helping stabilise EM exchange rates
- ✦ \$1.2 billion of EMSF AUM investment in sustainable development bonds at 31 March 2022
- ✦ 100% renewable energy across UK offices and reported to CDP for first time
- ✦ D&I progress with improvement in gender pay gap
- ✦ Strengthening sustainability governance during 2022 to promote accountability and encourage progress
 - ✦ Implementation of recognised suitability disclosure framework

Record's products and services

Currency Risk Management

Passive Hedging:

- ✦ Cost-effective reduction of currency risk;
 - Core Passive hedging
 - Enhanced Passive hedging

Dynamic Hedging:

- ✦ Reduction of currency volatility as well as generating value as dual objectives

Return-Seeking

Currency Multi-Strategy:

- ✦ Six principal strategies (segregated or pooled) which can be applied as an "overlay" to help achieve a variety of investment objectives

Record EM Sustainable Finance Fund ("EMSF"):

- ✦ investing currency with impact by combining strategic investment in currencies, an underlay of impact bonds, and focused counterparty engagement

Multi-product

Municipal Loan Fund:

- ✦ Investing primarily in municipal loans. Record acts as asset manager, in partnership with technology investment specialists and leading European fund service provider

Cash and other:

- ✦ Ancillary services including cash and liquidity management, collateral management and derivatives overlays



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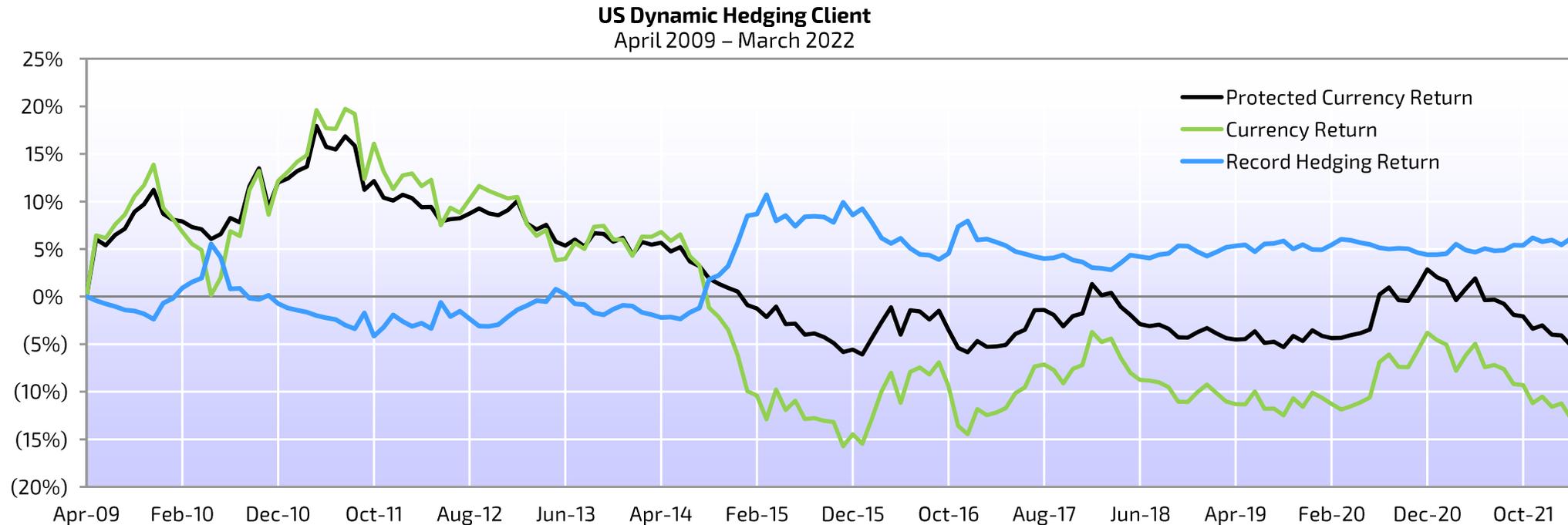
Business Strategy

Product Performance

Financial performance

US Dynamic Hedging client

Performance



As at March 2022	Protected Currency Return	Currency Return	Record Hedging Return
Inception to date (cum.)	(5.16%)	(12.83%)	6.14%
Inception to date (ann.)	(0.41%) p.a.	(1.06%) p.a.	0.46% 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 2022.

Multi-Strategy

Performance

Record Multi-Strategy approach
July 2012 – March 2022

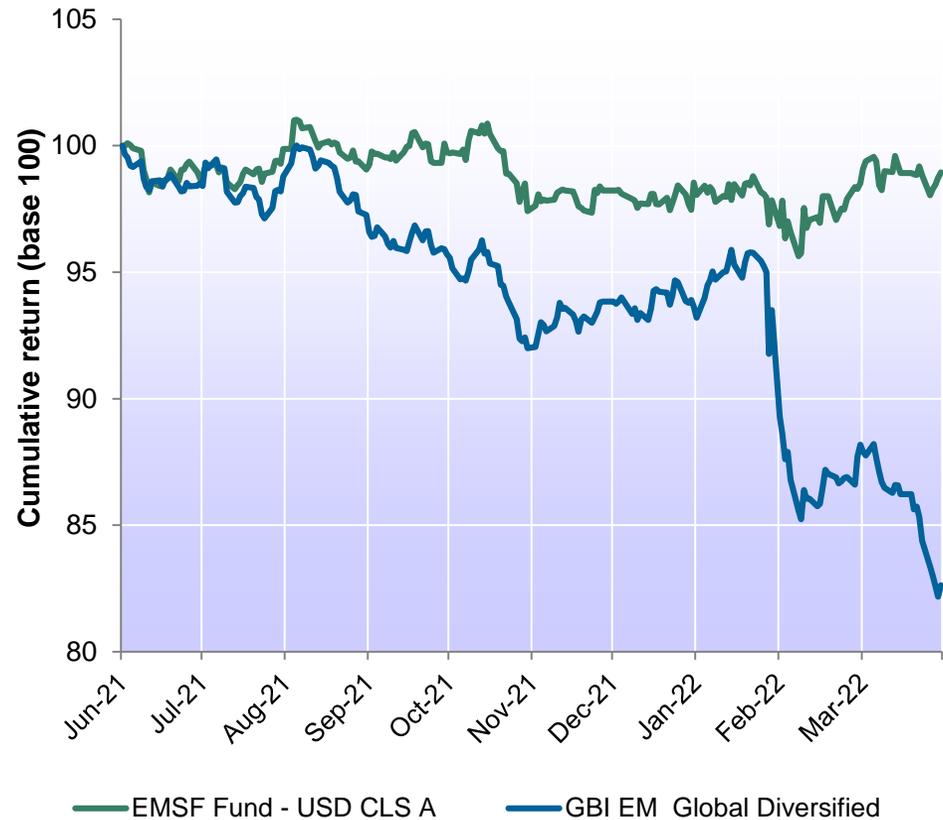


As at March 2022	Multi-Strategy
Returns (cum.)	8.30%
Returns (ann.)	0.83% p.a.
Volatility	3.08% p.a.

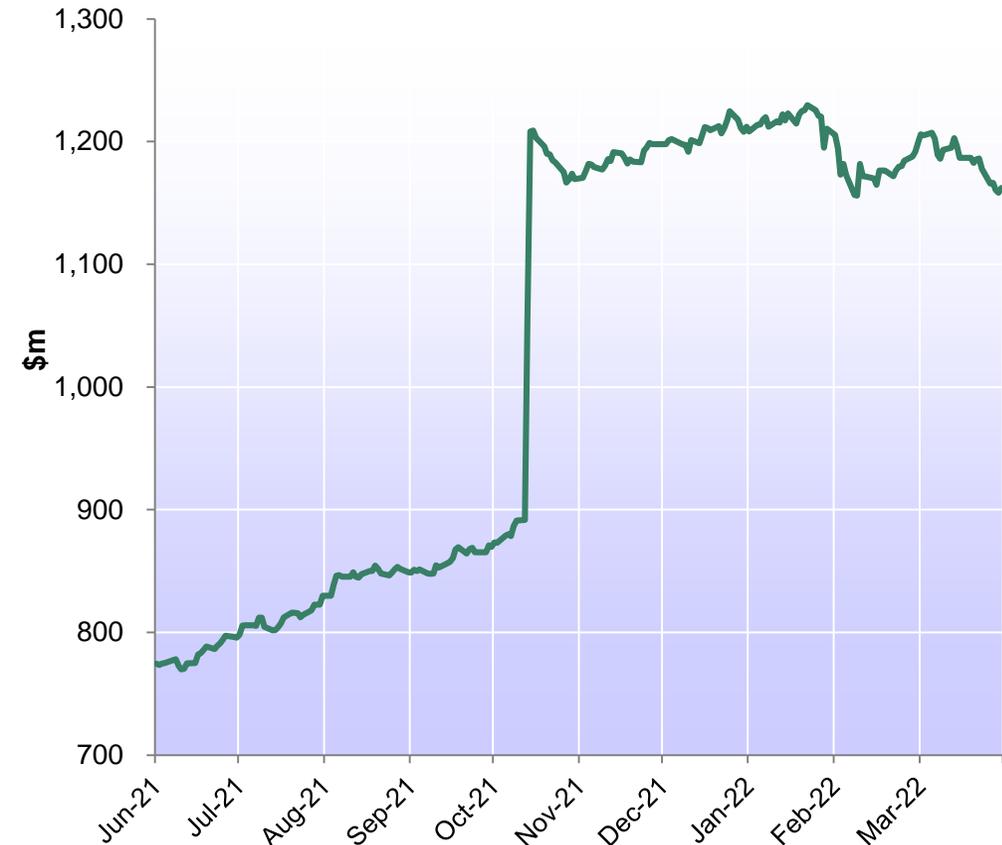
Source: Record Currency Management and Bloomberg. The performance of the multi-strategy is based on a combination of live and third party index returns for the individual strands from 31 Jul 2012 to 30 Sep 2016. Thereafter, performance is based on live composite returns. Performance has been scaled to a 4% target volatility and is presented in USD.

Record EM Sustainable Finance Fund (EMSF)

Record EM Sustainable Finance Fund performance since inception (28 June 2021)



Record EM Sustainable Finance Fund Total NAV (\$m) since inception (28 June 2021)



Source: Record. Data as at 29 April 2022.



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Business Strategy

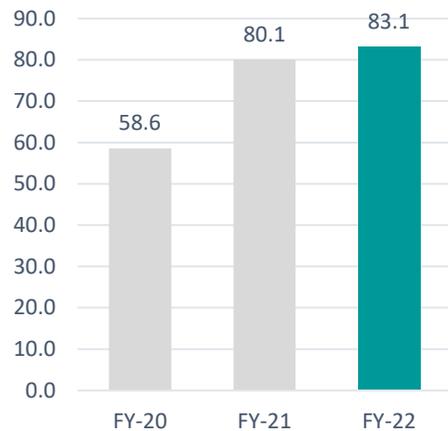
Product Performance

Financial performance

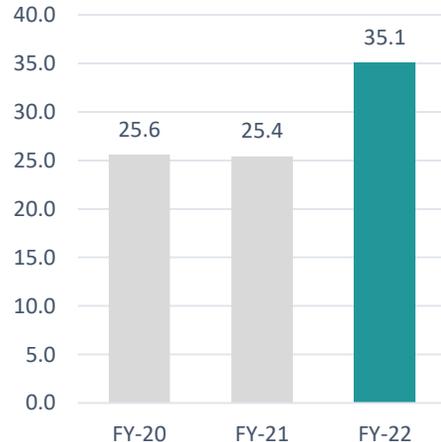
Financials

KPIs

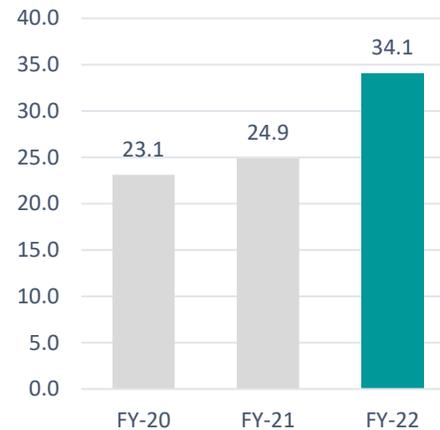
AUME (\$bn)



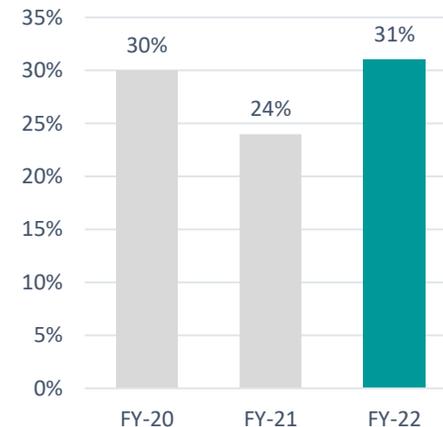
Revenue (£m)



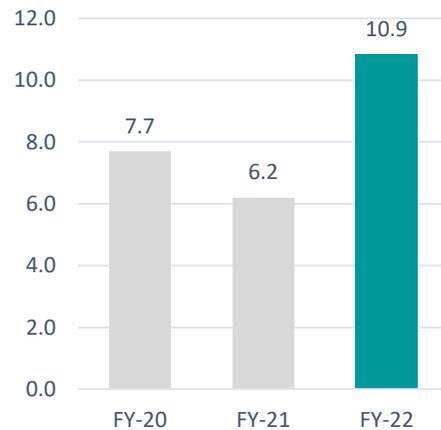
Management fees (£m)



Operating margin



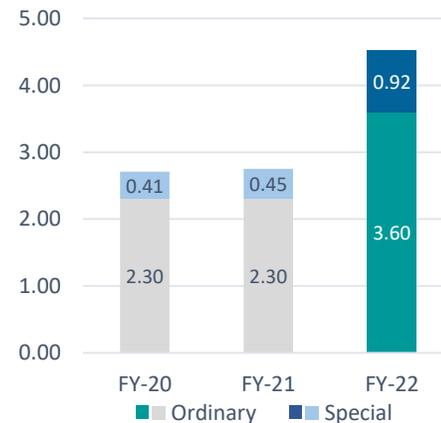
Profit before tax (£m)



EPS (pence)

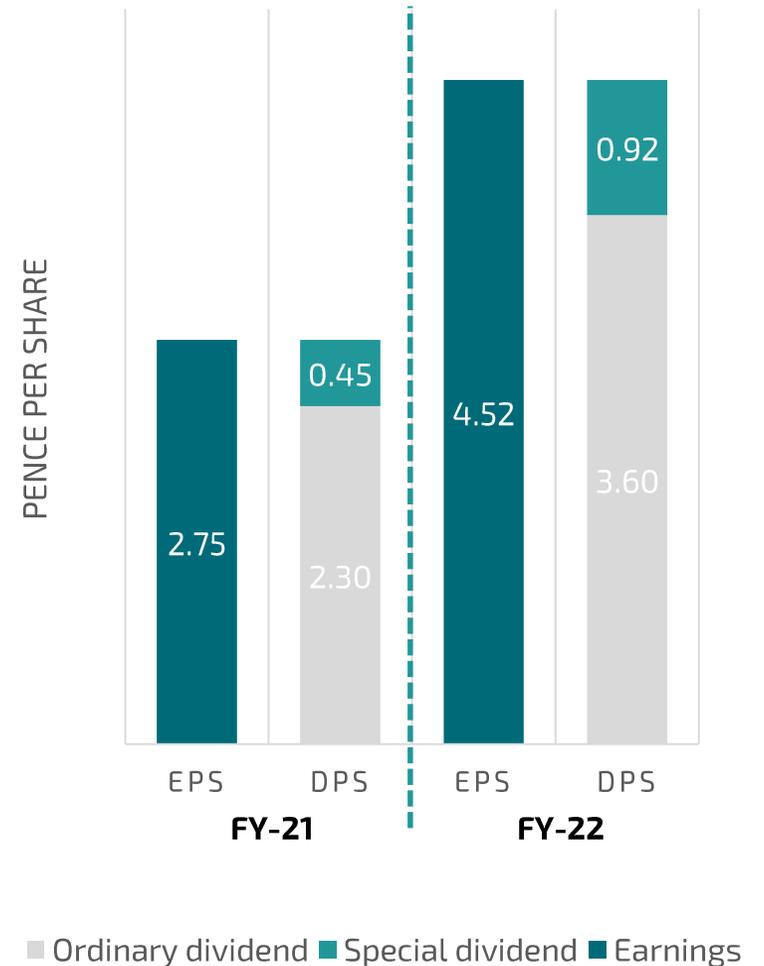


Dividend per share (pence)



Dividend and policy

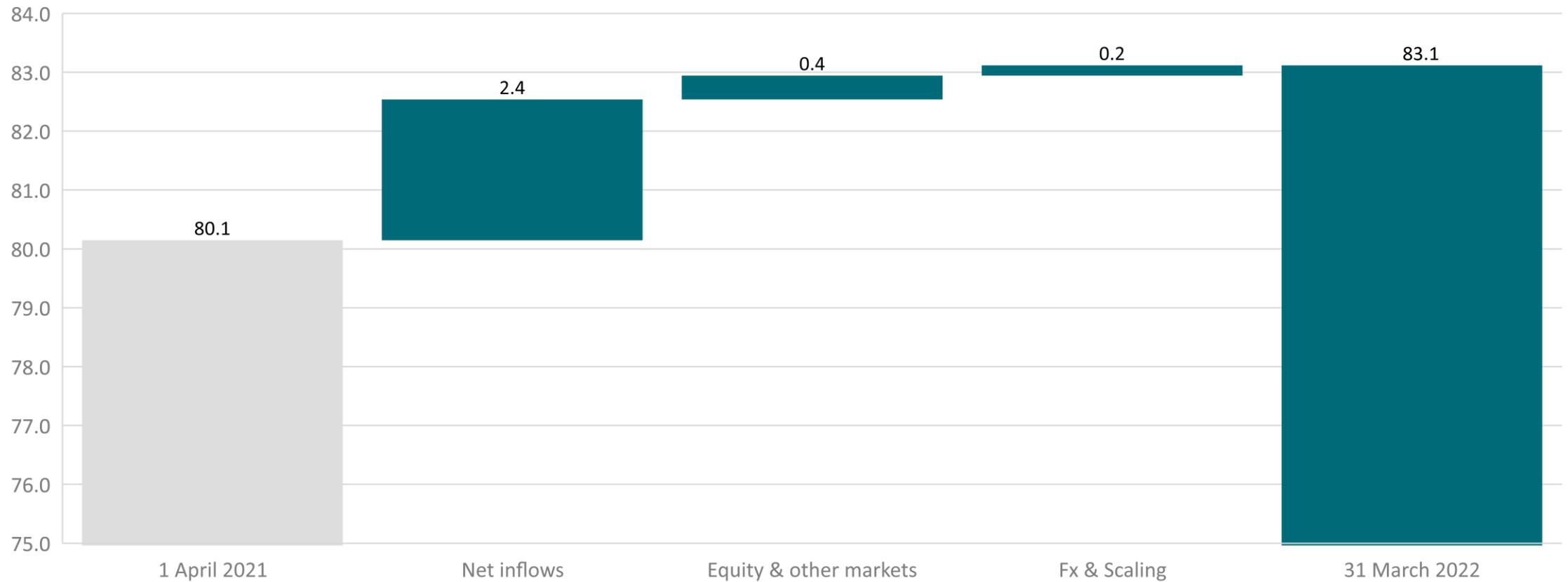
- ✦ FY-22 final (proposed) ordinary dividend of 1.80p
 - ✦ FY-22 total ordinary dividend of 3.60p (+57%)
 - ✦ FY-22 ordinary dividend payout ratio of 80% (FY-21: 84%)
 - ✦ FY-22 special dividend of 0.92p (+104%)
 - ✦ FY-22 total proposed dividend of 4.52p (+64%)
- ✦ Dividend policy
- ✦ No changes over the last 2 years – ordinary and special dividends continued
 - ✦ Targets ordinary payout ratio between 70% - 90% of EPS
 - ✦ Targets progressive and sustainable dividend growth in line with trend in profitability



Financials

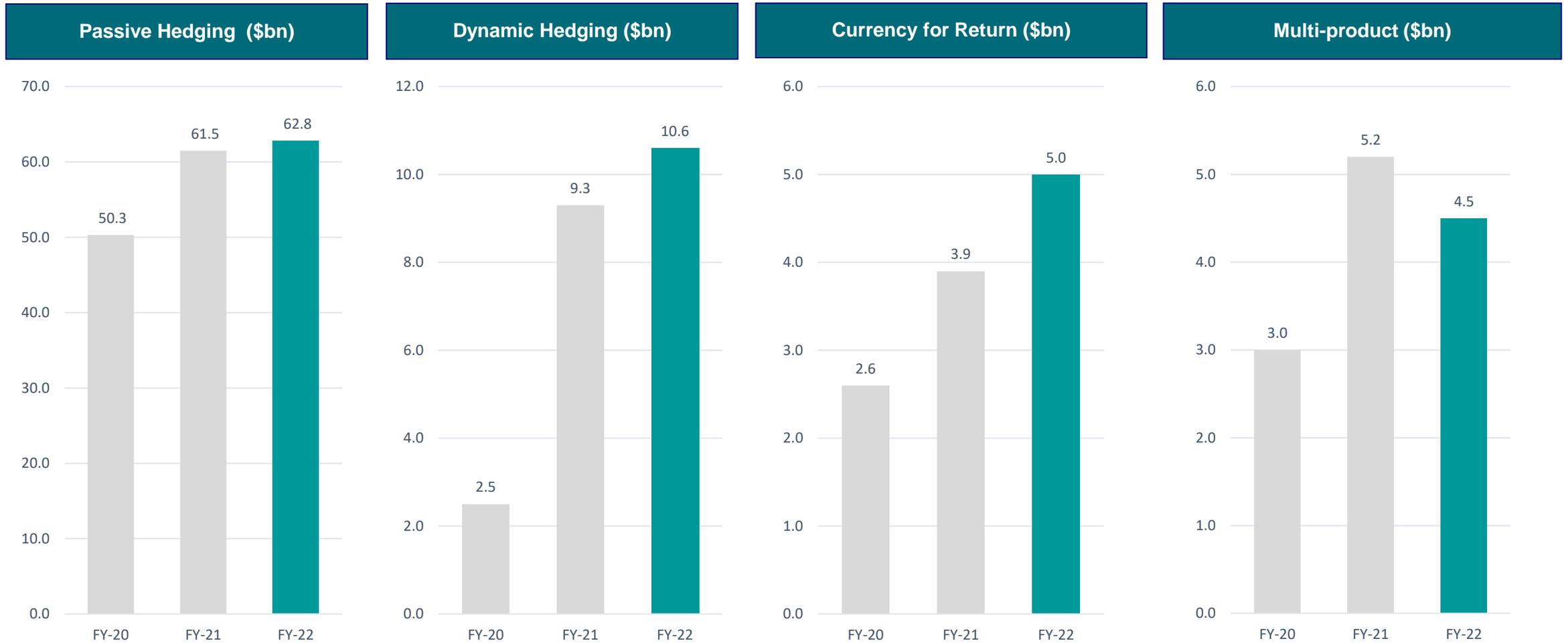
AUME movement

AUME bridge for the year ended 31 March 2022 (\$bn)



AUME

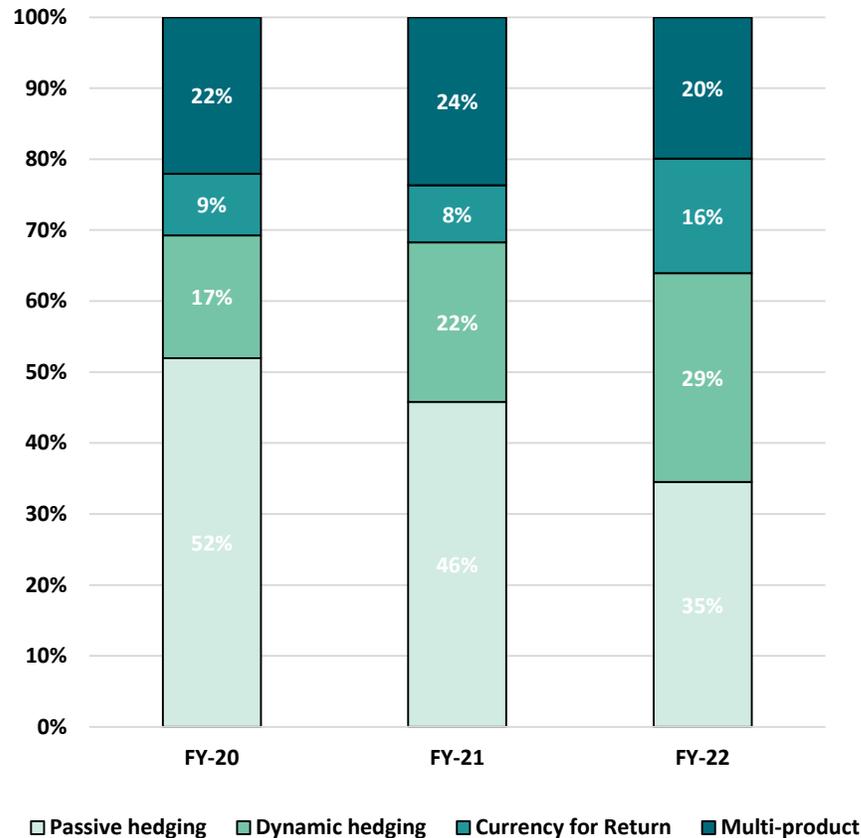
By product at year end



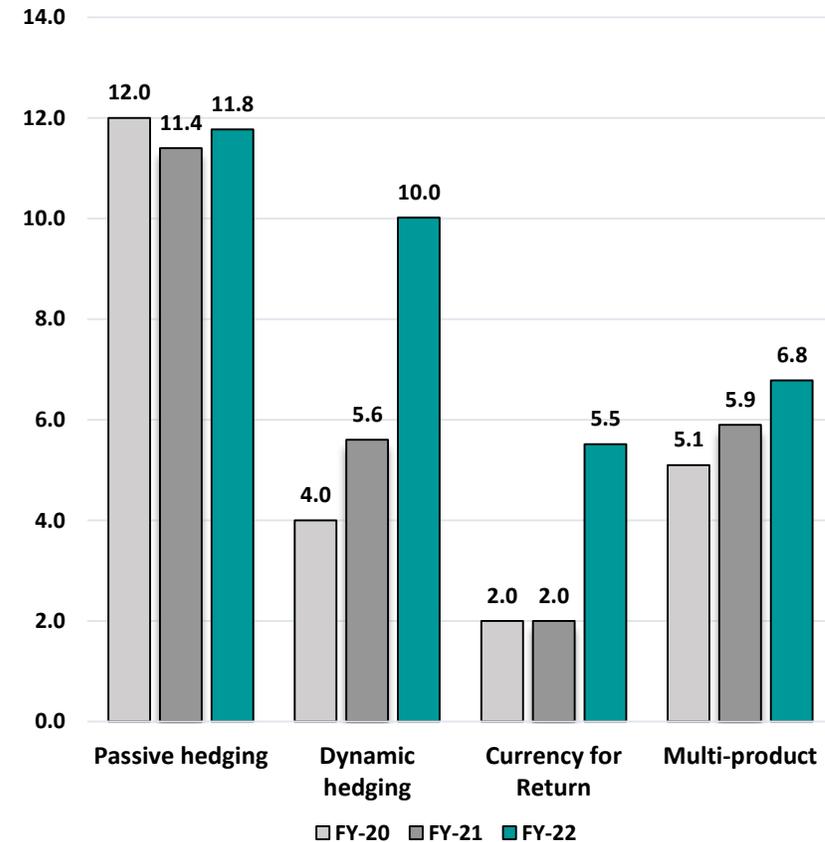
Financials

Management fee analysis

Management fees analysis by product



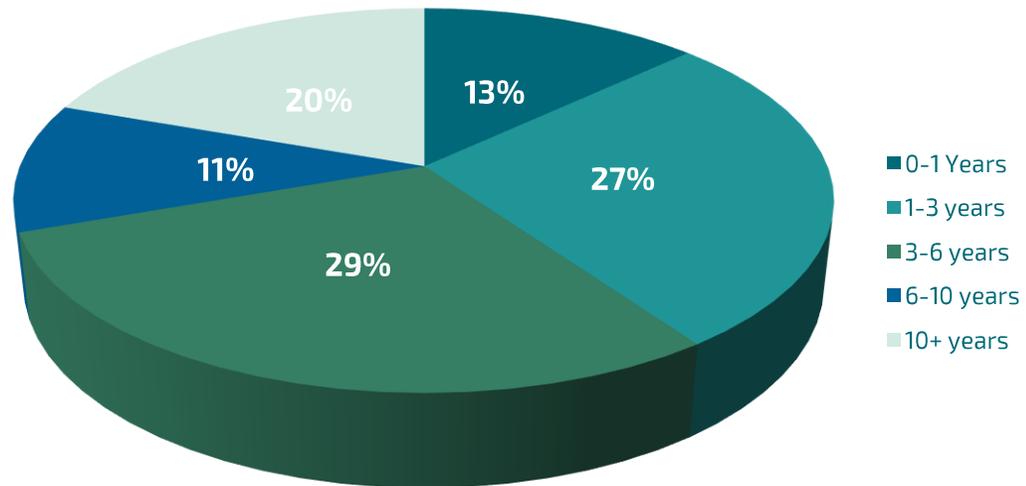
Management fees by product (£m)



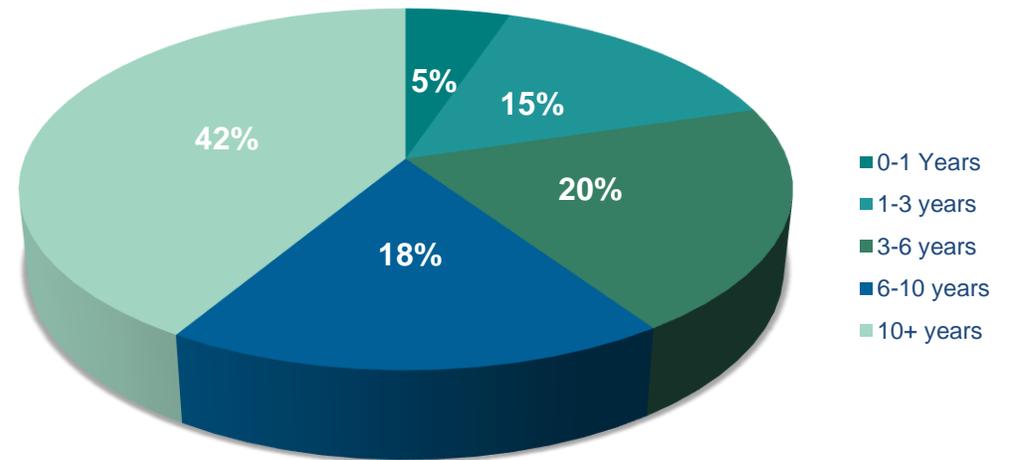
Financials

Client longevity

Client longevity as at 31 March 2022 (Numbers)



Client longevity as at 31 March 2022 (AUME)



Financials

Cost analysis

	FY-22 £m	FY-21 £m
Personnel (excluding Group Profit Share)	10.8	10.3
Non-personnel cost	7.2	5.4
Administrative expenditure (excluding Group Profit Share)	18.0	15.7
Group Profit Share	5.7	3.2
Total administrative expenditure	23.7	18.9
Other income and expenditure	0.4	0.0
Total expenditure	24.1	18.9

Financials

Income statement

	FY-22 £m	FY-21 £m
Management fees	34.1	24.9
Performance fees	0.5	0.1
Other currency services income	0.5	0.4
Total revenue	35.1	25.4
Cost of sales	(0.2)	(0.4)
Gross profit	34.9	25.0
Operating costs (excl. variable remuneration)	(18.0)	(15.7)
Variable remuneration	(5.7)	(3.2)
Other income and expenditure	(0.4)	0.0
Total expenditure	(24.1)	(18.9)
Operating profit	10.8	6.1
Operating Profit Margin	31%	24%
Net finance income	0.1	0.1
Profit before tax	10.9	6.2
Taxation	(2.3)	(0.8)
Profit after tax	8.6	5.4

Financials

Earnings

	FY-22	FY-21
	£m	£m
Profit before tax	10.9	6.2
Taxation	(2.3)	(0.8)
Profit after tax	8.6	5.4
EPS - Basic	4.52p	2.75p
EPS - diluted	4.37p	2.73p
Total ordinary dividend per share	3.60p	2.30p
Special dividend per share	0.92p	0.45p
Dividend cover (ordinary and special)	1.0x	1.0x

Financials

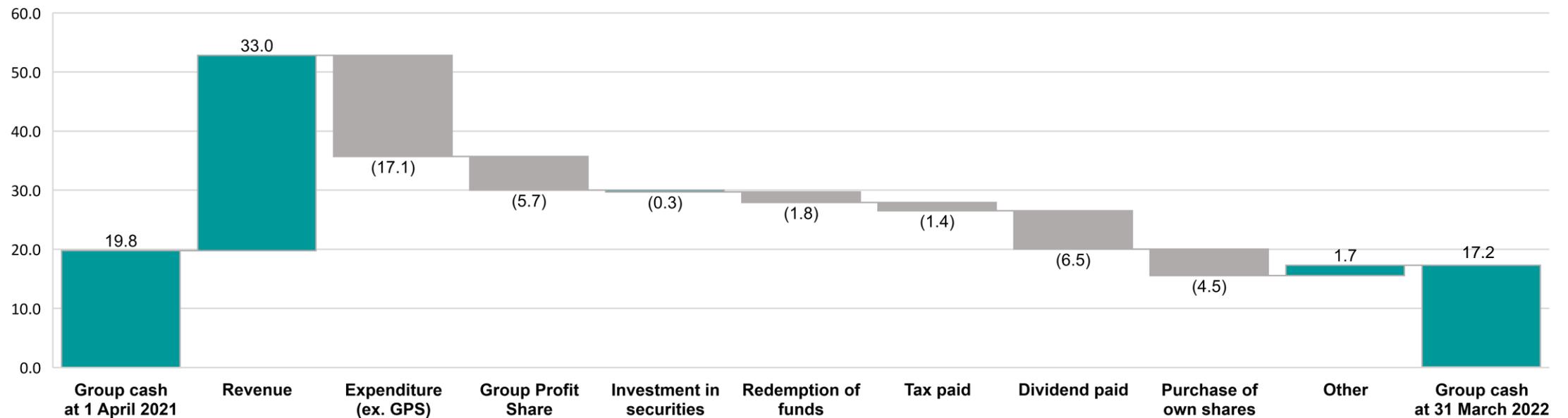
Balance sheet

	FY-22 £m	FY-21 £m
Fixed assets	1.0	1.1
Right to use assets	1.4	0.7
Other investments	3.4	3.1
Deferred tax	0.3	0.2
Non-current assets	6.1	5.1
Trade and other receivables	9.9	8.0
Derivative financial assets	-	0.3
Money market instruments > 3 months	13.9	12.9
Cash and cash equivalents	3.3	6.8
Current assets	27.1	28.0
Current liabilities	(6.2)	(6.0)
Net current assets	20.9	22.0
Lease liability	(1.0)	(0.1)
Other non current liabilities	(0.1)	(0.2)
Net assets	25.9	26.8

Financials

Cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2022 (£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 is subject to its own internal cash management process), not all of these instruments are classified as cash or cash equivalents under IFRS.

✦ Group cash at 1 April 2021 included £3.6 million held by the seed funds, which were subsequently closed during FY22.

Summary and outlook

- ✦ Progress made on implementation of change in strategy in all core areas: growth, modernisation and succession
- ✦ Excellent platform for revenue growth into FY-23 – high AUME diversified across higher-margin products and strong pipeline of attractive product and collaboration opportunities
- ✦ Diversification of skillsets including structuring, distribution, investment management and currency and derivatives
- ✦ Expansion in Europe and the US in collaboration with clients and likeminded specialist partners
- ✦ Strong capital position & committed strategy provide solid platform for continued value creation
- ✦ Board's confidence in future growth underpinned by Final & Special dividends and high target payout ratio



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Appendices

Record plc Board of Directors

Executive management

Name		
Leslie Hill	Chief Executive Officer	<ul style="list-style-type: none">Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999. Leslie was appointed as Chief Executive Officer of Record plc in February 2020Previous experience includes working at Lloyds Bank and Merrill Lynch, where Leslie was Director and Head of Corporate Foreign Exchange Sales worldwide
Steve Cullen	Chief Financial Officer	<ul style="list-style-type: none">ICAEW FCA qualified. Steve joined Record in 2003 as Financial Controller and was appointed as Chief Financial Officer and joined the Record plc Board in March 2013Experience: over 30 years of accounting and finance experience, including over 18 years within financial services

Non-executive Directors

Name		
Neil Record	Chairman	<ul style="list-style-type: none">Founded Record in 1983; principal shareholder and Chairman ever sincePreviously worked as an economist at the Bank of England, and now acknowledged as one of the leading figures in the currency investment management industry
Tim Edwards	Senior Independent Director	<ul style="list-style-type: none">Appointed as a Non-executive Director in March 2018 and as Senior Independent Director in July 2021Non-executive Chair of Schroder UK Public Private Trust, EndLyz UK Limited, Karus Therapeutics Limited and Storm Therapeutics Limited, and a director of AstronauTX Limited
Matt Hotson	Independent Non-executive Director	<ul style="list-style-type: none">Appointed as a Non-executive Director in July 2021Group CFO Designate for the Mishcon de Reya Group
Krystyna Nowak	Independent Non-executive Director	<ul style="list-style-type: none">Appointed as a Non-executive Director in September 2021Senior Managing Director of the Teneo People Advisory Board Practice

AUME definition

Passive Hedging mandates:

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

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;

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.

Financials

Concentration

	AUME \$bn	Management Fees	
		£m	%
Clients 1-10	43.1	25.8	73%
Clients 11-20	29.4	6.4	18%
Other	10.6	2.8	8%
Total	83.1	35.1	100%

Hedging mandates

Underlying asset allocation

	Equity	Fixed Income	Other
Passive Hedging	30%	34%	37%
Dynamic Hedging	91%	0%	9%
Currency for return & Cash	0%	0%	100%

Group Profit Share (GPS) and Share Scheme

Group Profit Share Scheme

- ✦ GPS payments linked to individual performance objectives
- ✦ GPS Scheme used a Profit Share Pool calculated at 34% of pre-GPS Operating Profit
- ✦ Remuneration Committee retains discretion to vary the GPS pool between 25% to 35%
- ✦ GPS Scheme is shared amongst all staff based on “profit share units”
- ✦ For all senior employees including Board Directors:
 - ✦ 1/3rd 'Mandatory' Shares (subject to “lock up” for up to 3 years)
 - ✦ 1/3rd Cash
 - ✦ 1/3rd Cash or Shares
- ✦ GPS Scheme rules include claw back provisions

Share Scheme

- ✦ Share Scheme rules include performance hurdles and claw back provisions for share-based payments issued to Executive Directors

Enhanced Passive Hedging

- ✦ Reduce cost of hedging through flexibility in implementation, without varying hedge ratio
- ✦ Two key areas
 - ✦ Direct costs of maintaining hedge
 - ✦ Embedded interest rate differential
- ✦ Episodic nature of opportunities means higher level of discretionary oversight required
- ✦ Total value added relative to a fixed-tenor benchmark for an enhanced Passive Hedging programme for a representative account

	Return for year to 31 March 2022	Return since inception p.a.
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	0.13%	0.09%

Source: Record Currency Management. Data from October 2014 to March 2022. Live track record based on a fixed-tenor costed benchmark.