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17 November 2023

Record Financial Group

**Interim Results presentation
6 months ended 30 September 2023**

Disclaimer

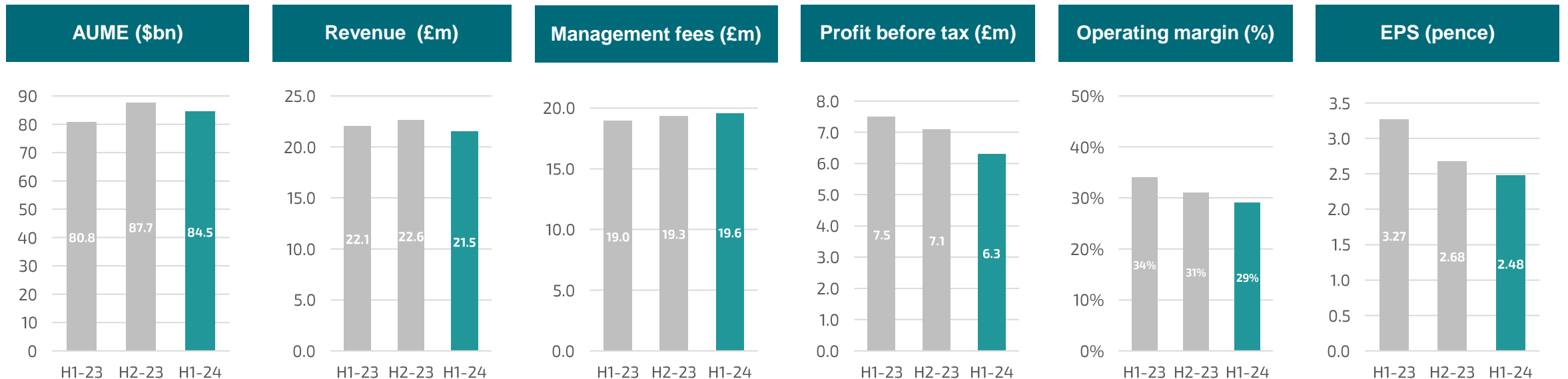
IMPORTANT INFORMATION

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 \$84.5bn (FY-23: \$87.7bn)
- ✦ Revenue of £21.5m (H1-23: £22.1m)
- ✦ Management fees £19.6m (H1-23: £19.0m)
- ✦ Performance fees £1.5m (H1-23: £2.8m)
- ✦ Pre-tax profit £6.3m (H1-23: £7.5m)
- ✦ Interim dividend of 2.15 per share (H1-23: 2.05p)
- ✦ Operating profit margin 29% (H1-23: 34%)
- ✦ Basic EPS 2.48p per share (H1-23: 3.27p)
- ✦ Shareholders' equity of £28.5m (H1-23: £28.0m)



Agenda

Business strategy update

Financial performance

Products and performance

Progress in Growth strategy

Modernisation, Diversification and Succession

Continue to build 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 progress

- ✦ Enhancement to client experience (Reporting suite)
- ✦ Improvements to operational efficiency and capability – continued development of “R-platform”

Diversification – partnerships and products

- ✦ RAM - two new funds (GP Stakes, Protected Equities) launched in the period (total USD 220 million)
- ✦ RAM – further fund launch anticipated in H2-24 (Infrastructure Fund) will generate long-term, high-quality revenue streams
- ✦ RAM – partnership with leading UK-based Sharia advisor to add Sharia-compliant product offering using Lux-based fund structure
- ✦ RDAV – progressing development of Lux fund structure for digital asset products with anticipated fund launch in H2-24

Succession – appointments

- ✦ Announcement of Leslie Hill's retirement after 31 years service and 4 years as CEO, effective 31 March 2024
- ✦ Announcement of Dr Jan Witte appointed to the Board as Executive Director and CEO Elect, effective 1 January 2024

Summary and outlook

- ✦ Progress continues with **Diversification, Modernisation and Succession** strategy
- ✦ Financial results non-linear: continued growth in currency management fees countered by delays in new product launches
- ✦ **Strong pipeline** of opportunities will diversify AUME into **higher-margin products**
- ✦ **Broader suite of skillsets** across structuring, distribution and investment management added to currency and derivatives
- ✦ RAM: **2 fund launches** with further fund launch expected in H2-24
- ✦ RDAV: **digital asset fund launch** anticipated in H2-24
- ✦ **Strong capital position** provides solid platform for continued value creation
- ✦ Board's confidence in future growth underpinned by 5% increase in HY-24 ordinary dividend under **progressive dividend policy**



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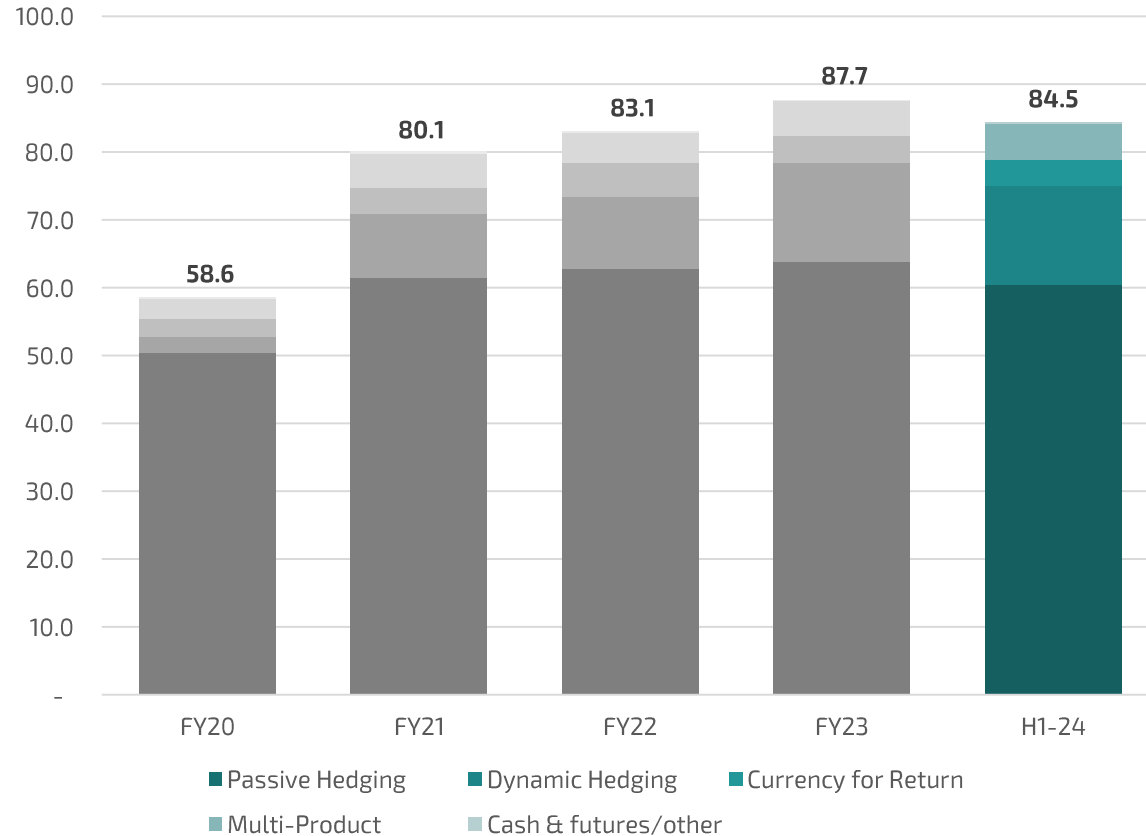
Business strategy update

Financial performance

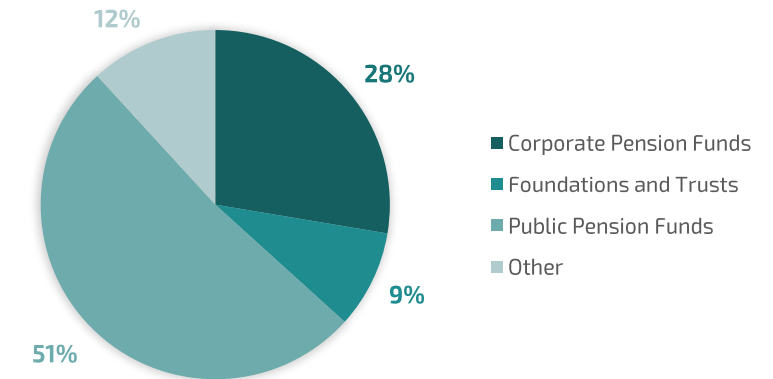
Products and performance

AUME evolution

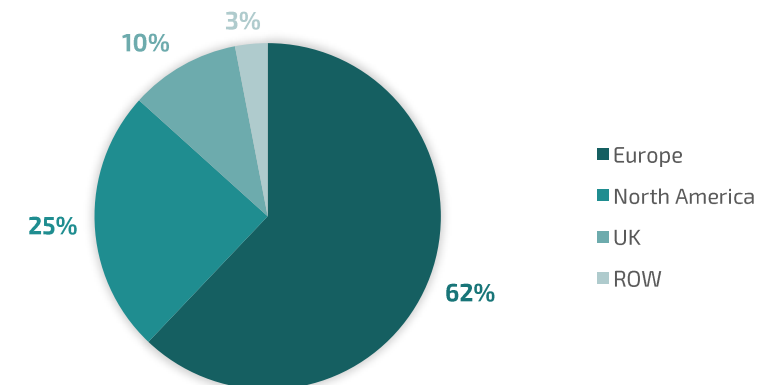
AUME by product (\$bn)



AUME by client type



AUME by geography

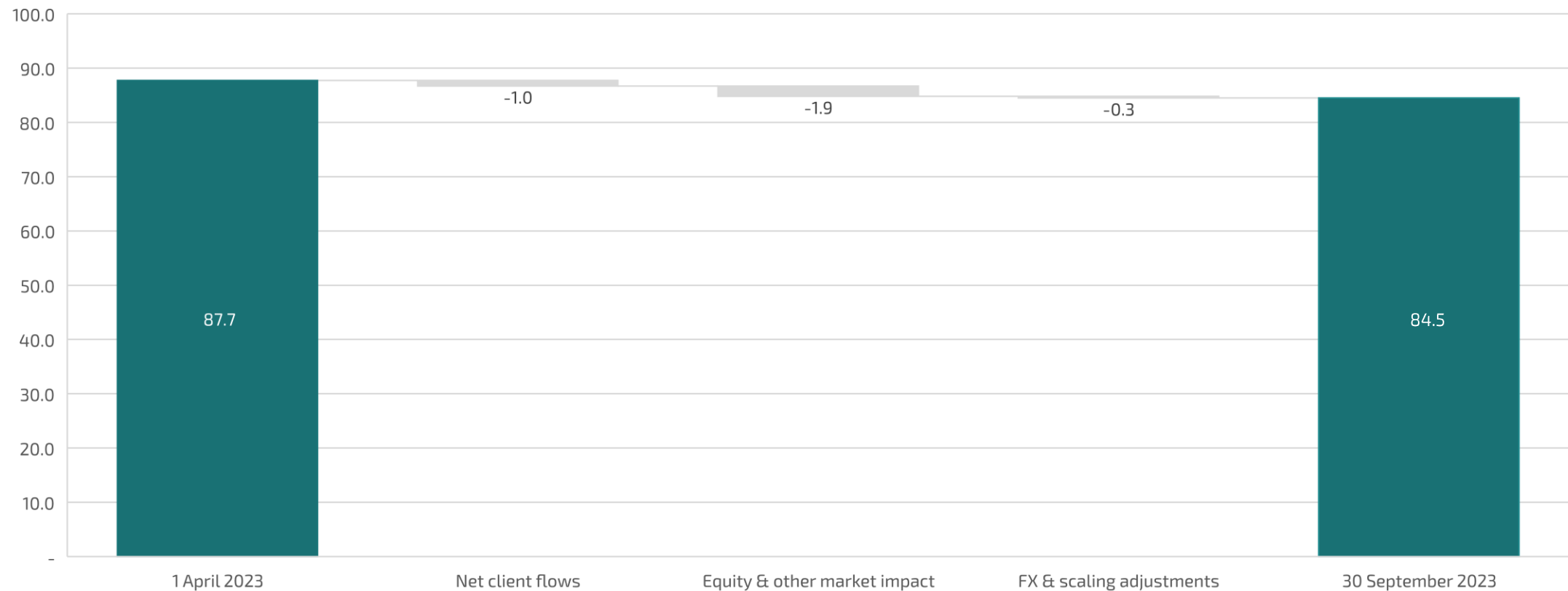


Source: Record Currency Management Limited. Note: AUME data are as at 30 September 2023. AUME expresses the total notional exposure of Passive Hedging and Currency for Return products, and the maximum hedgeable exposure of Dynamic Hedging products.

Financials

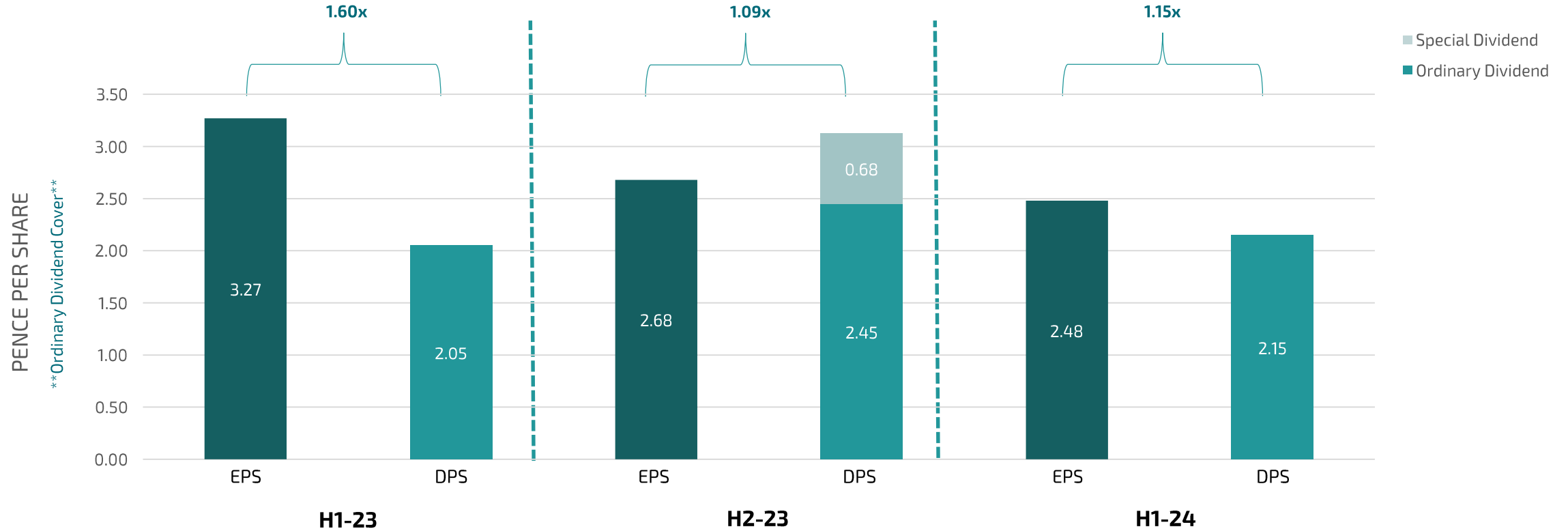
AUME movement

AUME bridge for the period ended 30 September 2023 (\$bn)



EPS and Dividend policy

- ✦ **Dividends:** strong and consistent history of dividend payments, including special dividends
- ✦ **Dividend policy:** targets progressive and sustainable dividend growth in line with trend in profitability
- ✦ **Dividend policy:** targets annual ordinary pay-out ratio between **70% - 90%** of EPS



Financials

Income statement

	H1-24	H2-23	H1-23
	£m	£m	£m
Management fees	19.6	19.3	19.0
Performance fees	1.5	3.0	2.8
Other income	0.4	0.3	0.3
Total revenue	21.5	22.6	22.1
Cost of sales	(0.1)	-	-
Gross profit	21.4	22.6	22.1
Administrative expenses	(15.0)	(15.3)	(14.6)
Other income and expenditure	(0.3)	(0.3)	-
Operating profit	6.1	7.0	7.5
<i>Operating Profit Margin</i>	29%	31%	34%
Net finance income	0.2	0.1	-
Profit before tax	6.3	7.1	7.5
Taxation	(1.6)	(2.0)	(1.3)
Profit after tax	4.7	5.1	6.2

Financials

Cost analysis

	H1-24	H2-23	H1-23
	£m	£m	£m
Personnel (excl. Group Bonus)	7.1	6.5	6.3
Non-personnel cost	5.3	5.0	4.5
Administrative expenditure excl. Group bonus	12.4	11.5	10.8
Group bonus	2.6	3.8	3.8
Total administrative expenditure	15.0	15.3	14.6
Other expenditure	0.3	0.3	-
Total expenditure	15.3	15.6	14.6

Financials

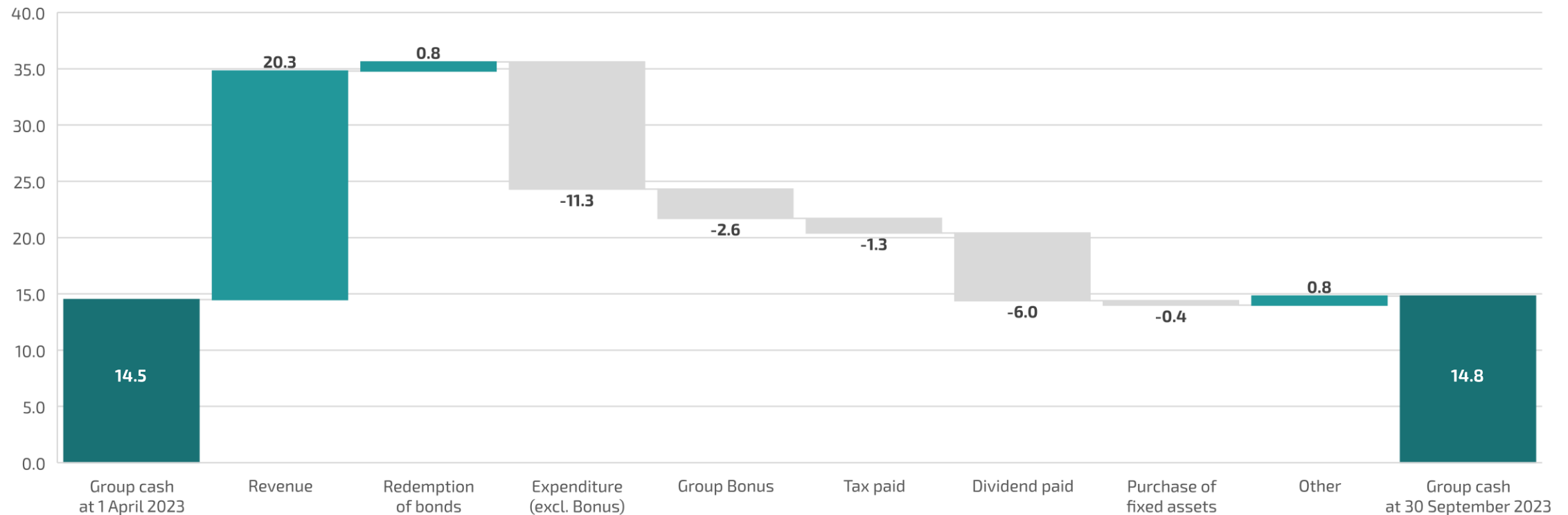
Balance sheet

	H1-24	H2-23	H1-23
	£m	£m	£m
Fixed assets	1.9	1.8	1.4
Right of use assets	0.9	1.0	1.2
Other investments	4.4	4.9	3.6
Deferred tax	0.2	0.1	0.2
Non-current assets	7.4	7.8	6.4
Trade and other receivables	13.1	14.4	12.2
Derivative financial assets	-	0.1	-
Money market instruments > 3 months	-	4.5	-
Cash and cash equivalents	14.8	9.9	17.7
Current assets	27.9	28.9	29.9
Current liabilities	(6.1)	(7.6)	(7.3)
Net current assets	21.8	21.3	22.6
Other non current liabilities	(0.7)	(0.8)	(1.0)
Net assets	28.5	28.3	28.0
Share capital and reserves	1.9	1.9	1.9
Retained earnings	26.6	26.4	26.1
Total Equity	28.5	28.3	28.0

Financials

Cash

CASH BRIDGE FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (£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.



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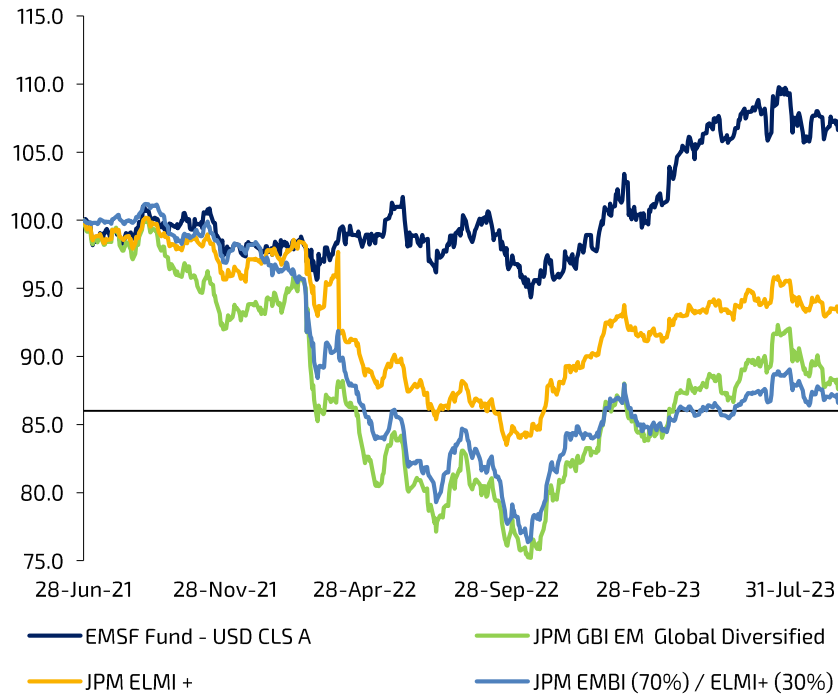
Business strategy update

Financial performance

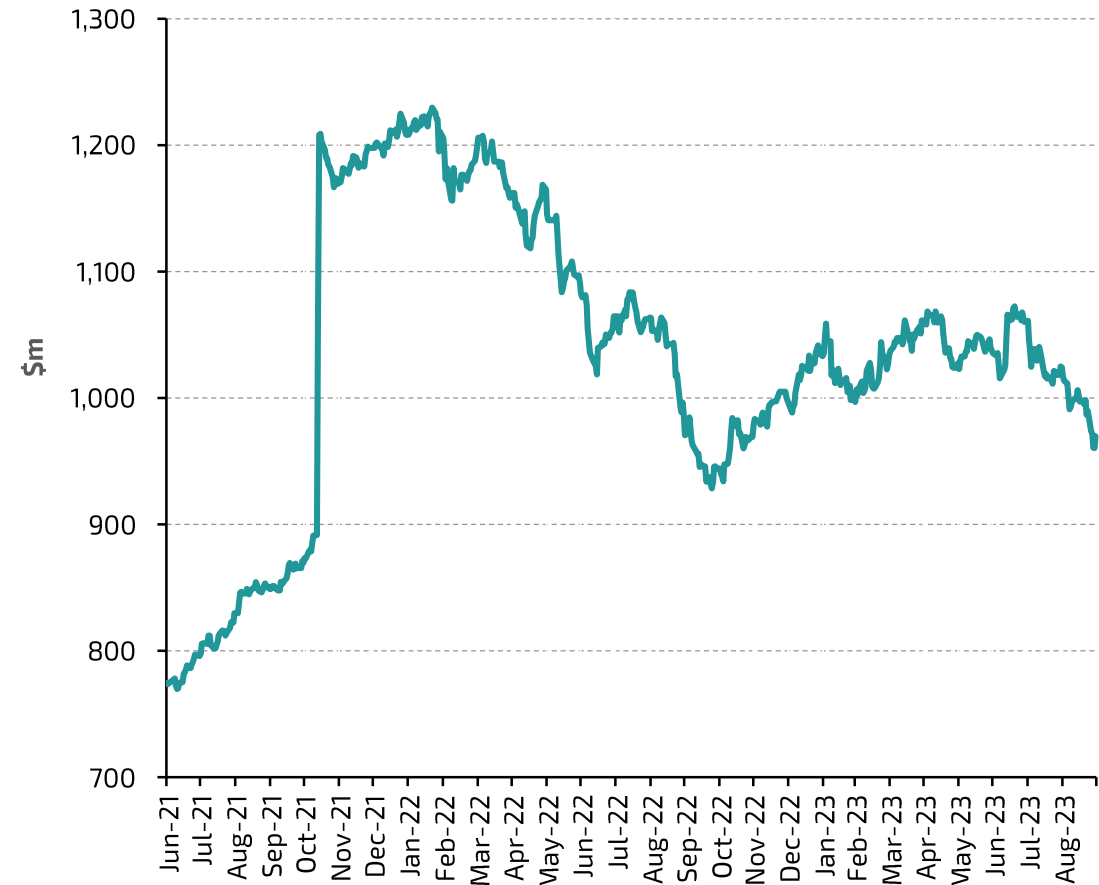
Products and performance

Record EM Sustainable Finance Fund (EMSF)

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



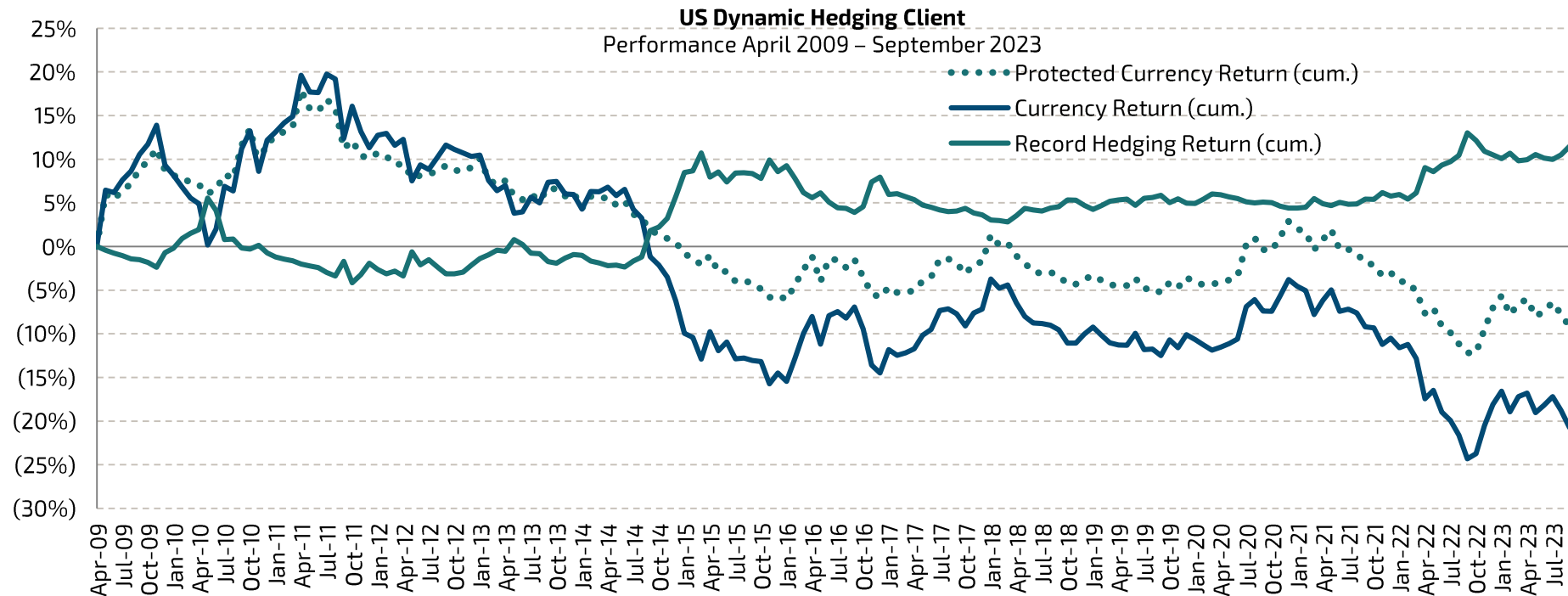
Record EM Sustainable Finance Fund
Total NAV (\$m) since inception (28 June 2021)



Source: Record. Data as at 30 September 2023.

US Dynamic Hedging client

Performance



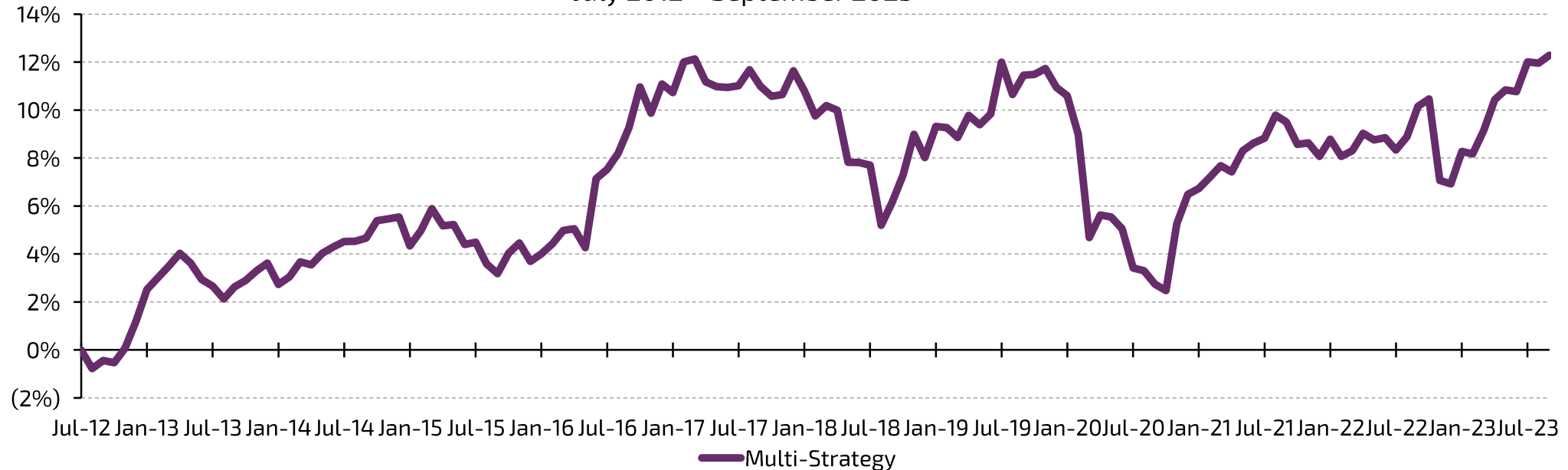
As at September 2023	Protected Currency Return	Currency Return	Record Hedging Return
Inception to date (cum.)	(9.15%)	(20.74%)	11.48%
Inception to date (ann.)	(0.66%) p.a.	(1.60%) p.a.	0.76% p.a.

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 30 September 2023.

Multi-Strategy

Performance

Record Multi-Strategy approach
July 2012 – September 2023



<i>As at September 2023</i>	Multi-Strategy
Returns (cum.)	12.28%
Returns (ann.)	1.04% p.a.
Volatility	3.12% 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.

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 6 month period to 30 September 2023	Return since inception p.a.
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	0.05%	0.10%

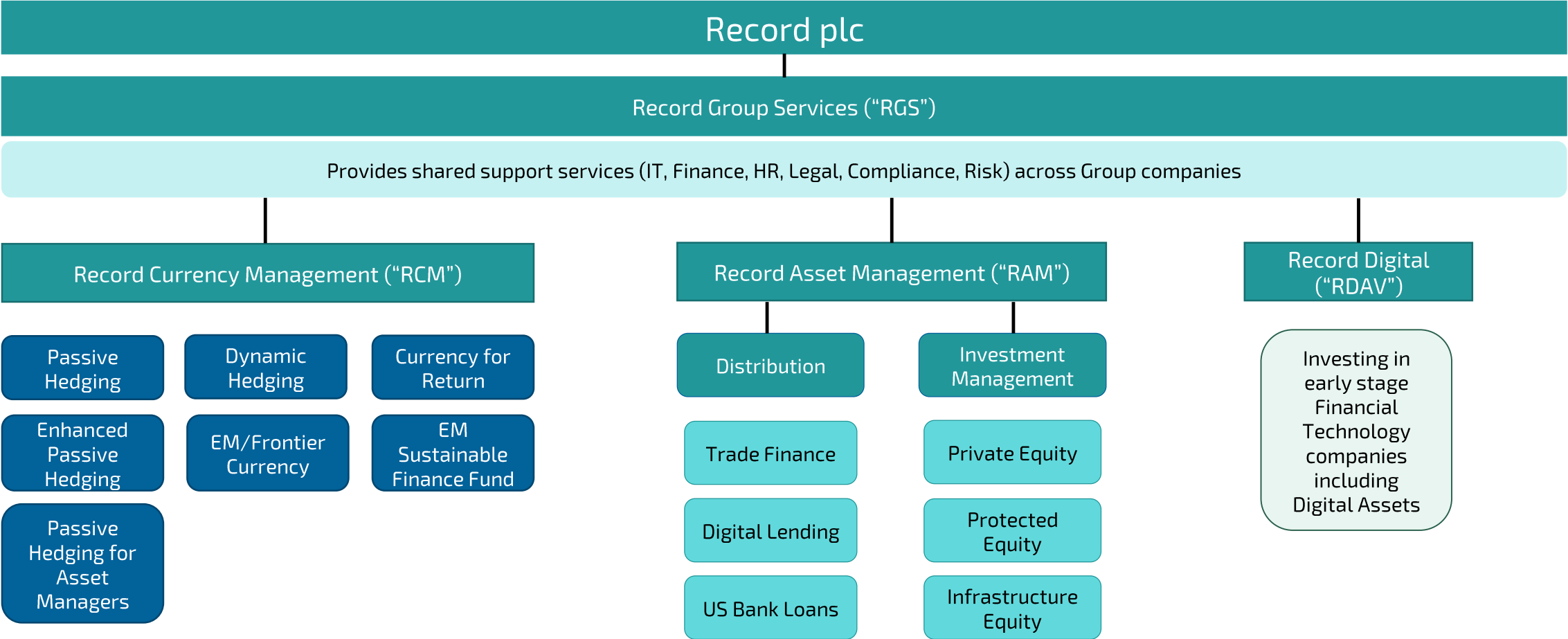
Source: Record Currency Management. Data from October 2014 to September 2023. Live track record based on a fixed-tenor costed benchmark.



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Appendices

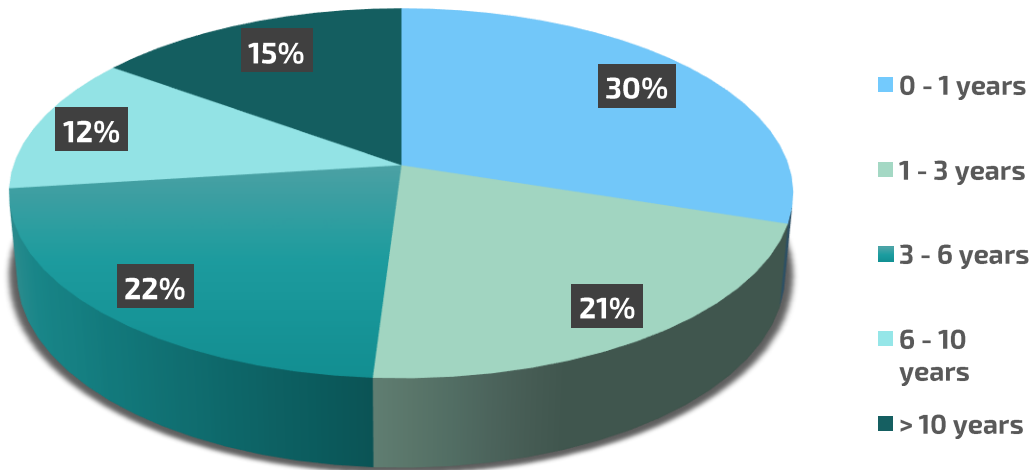
Group Structure – Record Financial Group



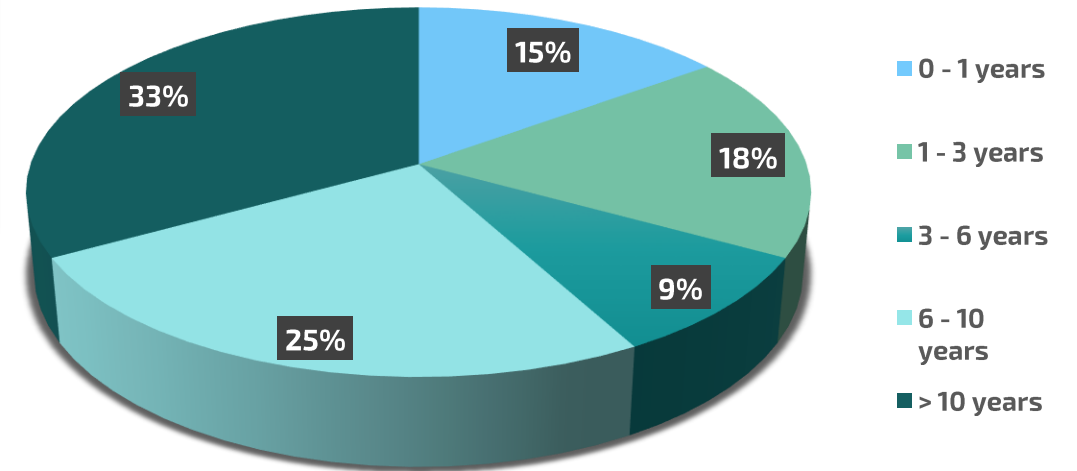
Financials

Client longevity

Client longevity as at 30 September 2023 (Numbers)



Client longevity as at 30 September 2023 (AUME)



Financials

Concentration

	AUME \$bn	Revenue	
		£m	%
Clients 1-10	61.8	15.9	74%
Clients 11-20	16.0	2.7	12%
Other	6.7	2.9	14%
Total	84.5	21.5	100%

Hedging mandates

Underlying asset allocation


	Equity	Fixed Income	Other
Passive Hedging	23%	32%	45%
Dynamic Hedging	85%	-	15%
Multi-product	-	-	100%

Source: Record. Data as at 30 September 2023.

Our Service Proposition

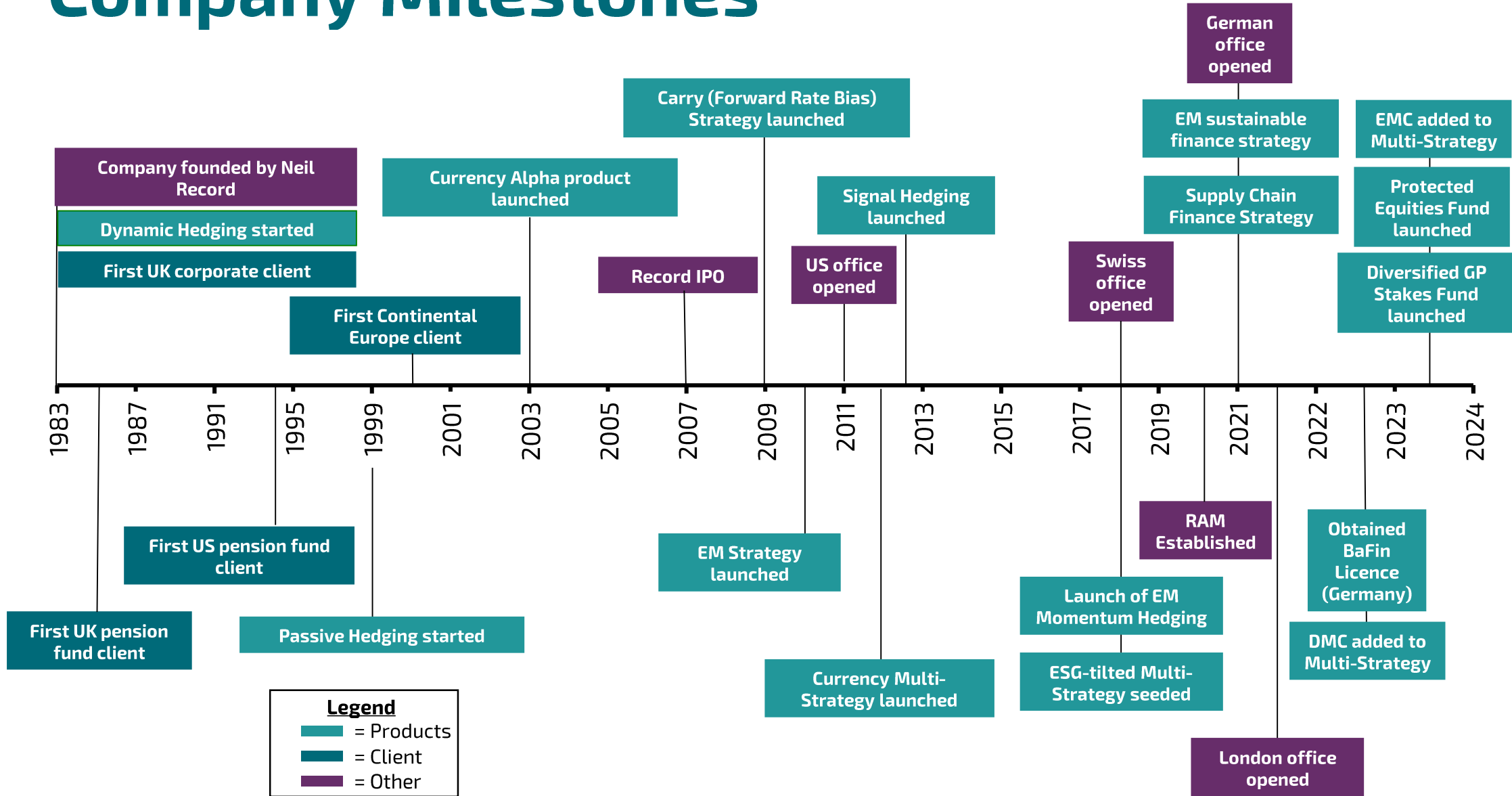
Innovative products offer unique investment opportunities

- **Bespoke currency and derivatives portfolios (RCM)**
- **Bespoke fixed income fund structures**
- **Infrastructure investments (RAM/RDAV)**
- **Passporting strategies for our partners (RCM/RAM)**
- **Digital asset fund (RDAV)**
- **Established ESG and impact investment framework including EMSF fund**



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Company Milestones



Share Schemes

Long Term Incentive Plan (“LTIP”)

- ✦ Share plan to incentivise delivery of long-term performance and strategy delivery
- ✦ Maximum award for Executive Directors of 150% of base salary
- ✦ Vesting subject to performance and delivery against EPS and TSR targets (2/3 and 1/3 respectively)
- ✦ Malus and clawback provisions apply

Group bonus scheme

- ✦ Payments linked to individual performance objectives – claw back provisions apply
- ✦ Scheme uses a bonus pool calculated based on pre-bonus operating profit (H1-24: 30%, FY-23: 34.8%)
- ✦ Remuneration Committee retains discretion to vary the bonus pool between 25% to 35%
- ✦ The 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 plus 1/3rd Cash or Shares

Share Scheme

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

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 20 years within financial services

Non-executive Directors

Name		
David Morrison	Chairman	<ul style="list-style-type: none">Appointed as a Non-executive director and as Chairman in July 2023Chairman of CPP Group plc, eConsult Health Ltd and Trustee and Member of the Council of Management of the Ditchley Foundation
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 2021Chair of Schrodgers Capital Global Innovation Trust plc, AstronauTx Limited, EndLyz Inc., Storm Therapeutics Limited, The Institute of Research in Schools Ltd.
Matt Hotson	Independent Non-executive Director	<ul style="list-style-type: none">Appointed as a Non-executive Director in July 2021Group CFO 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, Senior Independent Director of abrdn Asian Income Fund Ltd

Regulation

- ✦ Authorised and regulated by the Financial Conduct Authority
- ✦ Registered as Investment Adviser with the Securities and Exchange Commission
- ✦ Registered as Commodity Trading Adviser with the Commodity Futures Trading Commission
- ✦ Exempt International Adviser in Ontario and Alberta, Canada
- ✦ Registered as exempt with the Australian Securities & Investment Commission
- ✦ BaFin license granted in Germany

Record's Digital Asset Ventures (“RDAV”)

- Established with intent to invest in start-up and early-stage companies aiming to disrupt financial services sector, including the Digital Asset economy
- Investment thesis: to invest in financial technology differentiated through the creation of a new economy, and defensible through network effects
- Initial capital set aside for investments selected in view of two main objectives: cash-to-cash potential, and business leverage.
- Committed 73% of this capital to a mix of small direct investments, and investment funds focused on disruptive technologies, early stage, and digital asset companies.
 - Fund investments include Sybil Capital, Castle Island and Idol Bay
 - Direct investments include Block Scholes and BE Company
 - RDAV first invested in Block Scholes in February 2022. As of October 2023, RDAV led and successfully closed the most recent Block Scholes funding round, securing \$3.1m alongside co-investors, including InvestCorp, Saison Capital, CoinSwitch and Dair Capital.
- Now able to lean on the teams we know and trust to assess and capture opportunities presented
- Currently building out a suite of Luxembourg funds which are embedding the differentiating services, unique functionalities, and capabilities of market leaders in the digital asset space.

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 segregated clients, and the Net Asset Value of the EMSF for which RCM acts as Investment Manager;

Multi-product mandates:

- ✦ the chargeable mandate size for each client;

Cash and Futures/other:

- ✦ the total set aside by clients to cover hedging cash flows and managed by Record, and the initial Net Asset Value of funds for which RAM acts as Investment Manager.