

Record

Robust AUM and opportunity amid volatility

Q425 AUM update

Financials

30 April 2025

Record has reported robust assets under management (AUM) for Q425. Against a background of increased volatility in currency markets, the company's core risk management services continue to demonstrate their value to both existing and potential clients, while providing opportunities in asset management products. An additional £0.3m of performance fees in the quarter has taken the FY25 total to £3.2m and we have slightly lifted our FY25 earnings forecast. FY25 results will be reported on 20 June.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/23	44.7	14.6	5.81	4.50	9.1	8.5
3/24	45.4	12.9	4.78	4.60	11.1	8.7
3/25e	42.1	11.3	4.83	4.60	11.0	8.7
3/26e	42.9	12.0	5.02	4.60	10.6	8.7

Note: EPS is on a fully diluted basis. DPS excludes special dividends of 0.68p per share in FY23 and 0.60p per share in FY24.

Headline AUM affected by fx and market movements

Q425 AUM was \$100.9bn, up \$0.4bn versus Q325, comprising a \$0.7bn net outflow, a \$2.1bn positive fx movement and a \$1.0bn negative market movement. Q425 saw strong performance from Hedging for Asset Managers (\$1.2bn net inflow) and net inflows in Active Hedging (\$0.4bn), offset by a \$2.2bn outflow from FX Alpha as a large client mandate was discontinued. A \$0.8bn net outflow in H225 similarly masks the \$2.1bn inflow to Hedging for Asset Managers. Fund flows are the true guide to Record's performance, totalling \$25bn over the past five years. Total movements in reported AUM also reflect market movements in underlying customer assets and currencies. Almost all Passive and Active Hedging AUM (c 80% of total AUM) and some Custom Solutions mandates are linked to equity, fixed income and other market levels. A positive impact on reported AUM from market movements of \$1.1bn in H125 was reversed by a \$1.5bn reduction in H225. Almost 80% of AUM is non-US dollar denominated, two-thirds of which is in Swiss francs. A \$4.9bn positive fx impact in H1 was partly offset by a \$2.8bn negative movement in H2. In H125, the Swiss franc rose by c 7% versus the US dollar, but fell by c 5% in H225. It has since risen again, which will have a positive impact on future reported AUM.

A year of strategic transition

FY25 is a transition year financially, reflecting the full impact of a late FY24 switch by a large client from a higher-margin multi-product strategy to a lower-margin passive hedging strategy; the product offering refocus; and ongoing investment to drive growth in core areas. Although AUM is lower in US dollars than at end-H125, fees are based on the underlying contract values in the currency of denomination and, with average fee rates remaining broadly unchanged, Record continues to expect H2 fee income similar to H1. Continuing performance fees support a modest increase in our FY25 earnings forecast and we make no material change to FY26.

Valuation: Robust AUM and strong balance sheet

Record's FY25e P/E is 11.0x and its calendar EV/EBITDA ratio is 7.5x. The FY25e yield exceeds 8.7% on the fully covered dividend. Versus peers, we estimate this represents a c 30% EV/EBITDA premium and a 20% yield discount, supported by strong recent net AUM performance and the company's net cash position.

Price	53.00p
Market cap	£105m
Net cash and money market instruments at H125	£14.8m
Shares in issue	199.1m
Code	REC
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	6.0	(7.3)	(6.0)
52-week high/low		67.4p	45.0p

Business description

Record is a specialist independent asset, currency and derivatives manager. It provides a number of products and services for institutional clients, including passive and dynamic hedging, and a range of currency for return strategies, including funds and customised segregated accounts.

Next events

FY25 results	20 June 2025
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Analyst

Martyn King +44 (0)20 3077 5700

financials@edisongroup.com

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Exhibit 1: Summary of AUM movement

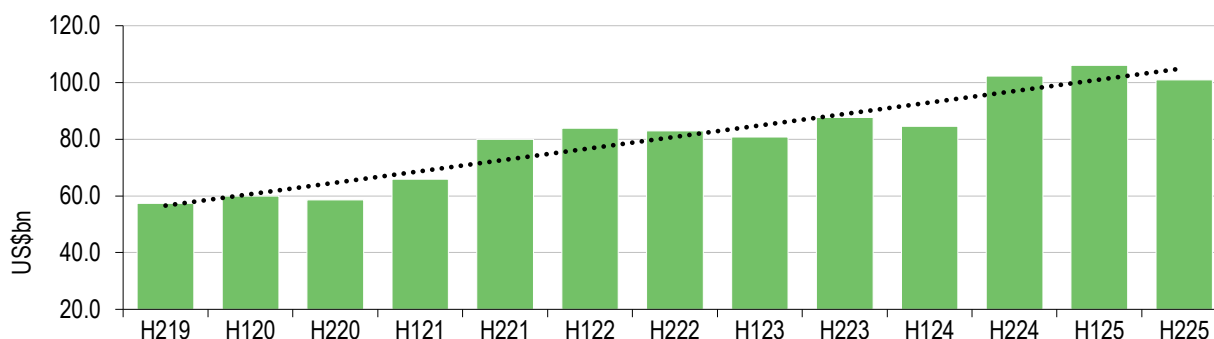
US\$bn	H125	H225	FY25
Net flows	(2.2)	(0.8)	(3.0)
Market movements	1.1	(1.5)	(0.4)
FX & Other	4.9	(2.8)	2.1
Total movement	3.8	(5.1)	(1.3)

Source: Record data

Exhibit 2: AUNE movement by product

US\$bn	FY24	Net flows	Market movements	FX & other	H125	Net flows	Market movements	FX & other	H225
Active hedging	16.5	(0.7)	1.0	0.0	16.8	(0.1)	(0.7)	(0.1)	15.9
Passive hedging	66.0	(1.5)	(0.4)	4.2	68.3	(0.7)	0.5	(3.0)	65.1
Hedging for asset managers	10.4	1.5	0.0	0.4	12.3	2.1	0.2	(0.2)	14.4
FX Alpha	4.5	0.7	0.5	0.3	6.0	(2.0)	(1.5)	0.5	3.0
Cash	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Total currency management	97.5	(0.0)	1.1	4.9	103.5	(0.7)	(1.5)	(2.8)	98.5
Custom Solutions	3.7	(2.3)	0.0	0.0	1.4	0.0	0.0	0.0	1.4
EM Debt	1.0	0.1	0.0	0.0	1.1	(0.1)	0.0	0.0	1.0
Total asset management	4.7	(2.2)	0.0	0.0	2.5	(0.1)	0.0	0.0	2.4
Total AUNE	102.2	(2.2)	1.1	4.9	106.0	(0.8)	(1.5)	(2.8)	100.9

Source: Record data

Exhibit 3: Long-term growth in AUM


Source: Record data

Exhibit 4: Forecast changes

£m unless stated otherwise	New		Old		Change	
	FY25e	FY26e	FY25e	FY26e	FY25e	FY26e
Closing AUME (£bn)	100.9	108.2	107.5	110.9	-6%	-2%
Revenue excl perf. Fees/AUME	4.8	5.0	4.7	4.9		
Management fees	37.9	39.9	37.8	40.0	0%	0%
Performance fees	3.2	2.0	2.6	2.0		
Other revenue	1.0	1.0	1.0	1.0		
Revenue	42.1	42.9	41.4	43.0	2%	0%
Operating expenses	(31.4)	(31.4)	(31.1)	(31.4)	1%	0%
Other income/expense	0.1	0.0	0.1	0.0		
Finance income	0.5	0.5	0.5	0.5		
Profit before tax	11.3	12.0	10.8	12.1	4%	0%
Tax	(3.2)	(3.3)	(3.0)	(3.3)		
Profit after tax	8.1	8.8	7.8	8.8		
Non-controlling interests	1.4	1.1	1.4	1.1		
Attributable earnings	9.5	9.9	9.2	9.9	4%	-1%
Basic EPS (p)	4.9	5.1	4.8	5.2	4%	-1%
Fully diluted EPS (p)	4.8	5.0	4.7	5.1	4%	-1%
DPS (p)	4.6	4.6	4.6	4.6	0%	0%
Pay-out ratio	93%	90%	97%	89%		

Source: Edison Investment Research

Exhibit 5: Financial summary

Year end 31 March (€m)	2022	2023	2024	2025e	2026e
Opening AUME (US\$bn)	79.9	82.9	87.6	102.2	100.9
Net inflow/outflow	2.4	9.1	6.8	(3.0)	6.2
FX, market, & other movements	0.6	(4.4)	7.7	1.7	1.1
Closing AUME (US\$bn)	82.9	87.6	102.1	100.9	108.2
Management fees/average AUME (excl. perf fees) bps	5.5	5.6	5.3	4.8	5.0
PROFIT & LOSS					
Management fees	34.1	38.3	38.7	37.9	39.9
Performance fees	0.5	5.8	5.8	3.2	2.0
Other revenue	0.6	0.6	0.8	1.0	1.0
Revenue	35.2	44.7	45.4	42.1	42.9
Cost of sales	(0.2)	(0.0)	(0.1)	(0.3)	(0.1)
Gross profit	34.9	44.7	45.3	41.8	42.8
Other income/(expense)	(0.4)	(0.3)	(2.0)	0.1	0.0
Staff costs	(16.5)	(20.4)	(19.4)	(20.0)	(21.2)
Other expenses (excluding amortisation and depreciation)	(6.2)	(8.7)	(8.7)	(10.4)	(9.4)
EBITDA	11.9	15.3	15.3	11.4	12.3
Depreciation and amortisation	(1.0)	(0.8)	(0.7)	(0.7)	(0.7)
Underlying operating profit	10.8	14.5	14.5	10.7	11.6
Finance income	0.0	0.1	0.3	0.5	0.5
Underlying profit before tax	10.9	14.6	14.8	11.3	12.0
Non-recurring items	0.0	0.0	(1.9)	0.0	0.0
Profit before tax	10.9	14.6	12.9	11.3	12.0
Taxation	(2.2)	(3.3)	(3.7)	(3.2)	(3.3)
Profit after tax	8.6	11.3	9.3	8.1	8.8
Non-controlling interests	0.0	0.0	0.0	1.4	1.1
Attributable profit	8.6	11.3	9.3	9.5	9.9
Average basic number of shares outstanding (m)	191.1	190.5	191.5	192.5	192.4
Average number of diluted shares outstanding (m)	197.3	195.3	193.7	196.2	196.1
Basic EPS (p)	4.5	6.0	4.8	4.9	5.1
Fully diluted EPS	4.4	5.8	4.8	4.8	5.0
Basic underlying EPS (p)	4.5	6.0	5.6	4.9	5.1
Dividend per share (p)	3.9	4.5	4.6	4.6	4.6
Special dividend per share (p)	0.9	0.7	0.6	0.0	0.0
Total dividend (p)	4.8	5.2	5.2	4.6	4.6
Pay-out ratio (ordinary DPS)	0.9	0.8	0.8	0.9	0.9
BALANCE SHEET					
Non-current assets	6.1	7.8	5.5	5.0	5.1
Intangible Assets	0.6	1.4	0.0	0.3	0.8
Tangible Assets	0.4	0.4	0.2	0.1	(0.0)
Investments	3.4	4.9	4.9	3.9	3.9
Other	1.7	1.1	0.3	0.7	0.5
Current assets	27.1	28.9	30.6	28.3	29.2
Debtors	9.9	14.4	13.0	13.6	14.3
Cash	3.3	9.9	9.2	10.0	10.2
Money market instruments	13.9	4.5	8.3	4.4	4.4
Other	0.0	0.1	0.1	0.3	0.3
Current liabilities	(6.2)	(7.6)	(7.0)	(5.0)	(5.2)
Creditors	(4.7)	(6.0)	(4.9)	(4.6)	(4.8)
Financial liabilities	0.0	0.0	0.0	0.0	0.0
Other	(1.5)	(1.6)	(2.1)	(0.4)	(0.4)
Non-current liabilities	(1.1)	(0.8)	(0.1)	(0.4)	(0.2)
Net assets	25.9	28.3	28.0	28.0	28.9
Non-controlling interests	0.0	0.0	0.0	(1.3)	(2.4)
Net assets attributable to ordinary shareholders	25.9	28.3	28.0	29.3	31.3
No of shares at year end	199.1	190.3	192.4	192.4	192.4
NAV per share p	13.0	14.9	15.0	15.2	16.3
CASH FLOW					
Operating cash flow	11.4	10.5	13.1	6.6	9.5
Capex	(0.1)	(0.3)	(0.0)	(0.1)	(0.1)
Cash flow from other investing activities	(3.4)	7.5	(3.3)	5.0	(0.2)
Dividends	(6.5)	(9.1)	(10.1)	(10.0)	(8.8)
Other financing activities	(5.0)	(2.2)	(0.3)	(0.5)	(0.2)
Other	0.1	0.2	0.0	(0.3)	0.0
Net cash flow	(3.5)	6.6	(0.7)	0.8	0.2
Opening cash/(net debt)	6.8	3.3	9.9	9.2	10.0
Closing net (debt)/cash	3.3	9.9	9.2	10.0	10.2
Closing net (debt)/cash inc money market instruments	17.3	14.5	17.5	14.4	14.6

Source: Record historical data, Edison Investment Research forecasts

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