EDISON

Record

Building foundations for growth

FY25 results

Financials

1 July 2025

Record's FY25 results (to 31 March) were robust, with assets under management equivalent (AUME) remaining above $100bn. Progress with the company's strategic refocus on core products that can grow, diversify and enhance the quality of earnings is accelerating. Launched in November, the Infrastructure Equity Fund will soon commence investment. A recently announced Sharia-compliant deep-tier supply chain finance fund, the world's first of its kind, is expected to launch before year-end, and non-binding terms have been agreed for the funding of a potash development in conjunction with a joint venture partner. Although Record has a diverse set of products and exposures, the commonality is Record's ability to make the complex simple.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/24	45.4	12.9	4.78	4.60	13.3	7.2
3/25	41.6	10.9	4.93	4.65	12.9	7.3
3/26e	43.1	12.5	4.88	4.65	13.1	7.3
3/27e	46.6	13.8	5.12	4.65	12.5	7.3

Note: EPS is on an underlying fully-diluted basis. DPS excludes a special dividend of 0.60p per share in FY24.

FY25 in line with estimates, with FY26e adjusted

End-FY25 AUM of $100.9bn and performance fees of £3.2m (FY24: £5.8m) had been previously reported. Recurring management fees were 4% lower year-on-year and total revenues were £3.8m or 8% lower at £41.6m. Underlying costs were flat despite continuing investment, and the non-repeat of last year's exceptional charge moderated the earnings impact of lower revenues, as did a lower tax charge. Adjusted for the non-controlling interest in the loss of the German subsidiary, diluted EPS increased 3% to 4.9p. DPS increased to 4.65p, with Record maintaining a high payout, reflecting strong cash generation, a sound balance sheet and optimism for earnings growth. There is no material change to our FY26 EPS and DPS forecasts, both flat, with growth resuming in FY27 as new products roll out.

New products in the pipeline

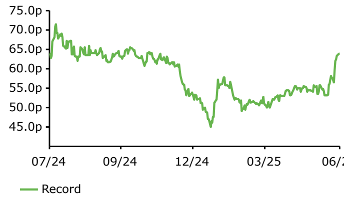
Record announced several new initiatives, which comprise a decent pipeline of opportunities for FY26. These include a Sharia-compliant deep-tier supply chain fund, with a target of $1bn, and the $2.2bn Kola Potash transaction expected to start this year. These funds will have the ability to generate management and performance fees, supporting growth once finalised. That said, the timing of the associated revenues on each of the opportunities is not currently known, opening our estimates up to timing risk. In conjunction with the previously announced €1.1bn infrastructure fund, deployed through FY29, the holding period could be 15 years, providing Record with long-term, highly visible recurring fees.

Valuation undemanding, dividend supportive

The shares currently trade on a P/E of c 13.1x FY26e and have a supportive dividend yield of c 7.3%. With such a high yield, we think investors are being well remunerated to wait for the maturation of the current pipeline of new revenue opportunities. We view the current rating as undemanding, given the upside potential from both the new products and Record's historical product suite.

Price	**63.80p**
Market cap	**£127m**
Net cash and money market instruments at FY25	£11.8m
Shares in issue	199.1m
Code	REC
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	15.6	27.6	7.8
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

Dividend record date	4 July 2025
AGM	23 July 2025

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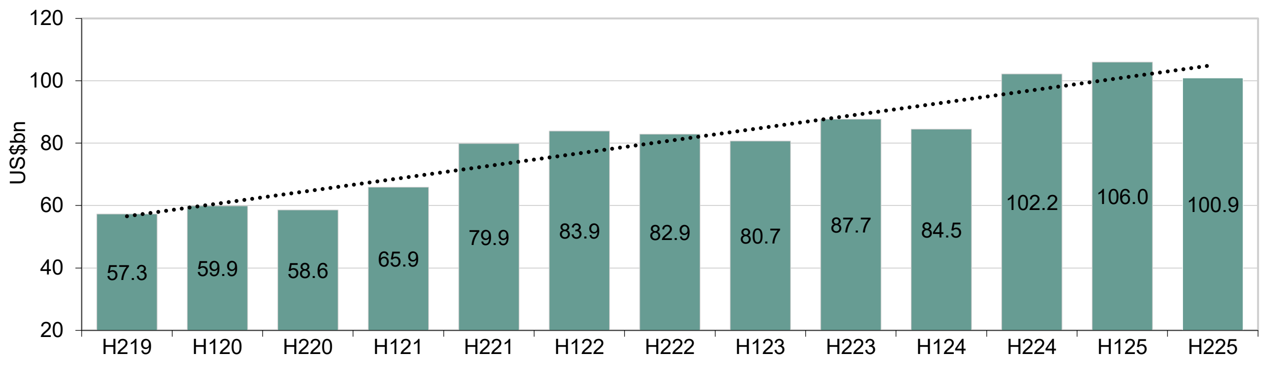
FY25 results review

Record has posted a strong long-term track record of AUM growth over the past few years, surpassing $100bn for the first time at the end of FY24. We show the AUM development in Exhibit 1 below.

Exhibit 1: Long-term AUM growth



Source: Company accounts

This shows the previously published AUM development, which we reported in our last update note. FY25 saw outflows of $3.2bn, primarily the discontinuation of a tactical interest rate swap portfolio in H1 ($2.3bn in custom solutions) and the wind-down of an FX Alpha mandate towards year-end. Inflows into Hedging for Asset Managers continued to be strong ($3.6bn). Movements in underlying exposures were very small, while FX translation was positive (a stronger Swiss franc vs the US dollar). AUM is presented in US dollars, although almost 80% of the assets are denominated in currencies other than US dollars. Management fees are earned on AUM in the underlying currency assets, with the Swiss franc being the largest component, at 57% of AUM. Given this, there is limited FX impact on revenues reported in pounds sterling. The company has reorganised its AUM reporting to better align with the way management thinks of the business. The three pillars are: 1) risk management; 2) absolute return; and 3) private markets. Below we show Record's AUM movement split into the three pillars of the business.

Exhibit 2: FY25 AUM development

£m	FY24	Net flows	Market movements	FX & other	H125	Net flows	Market movements	FX & other	H225
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
Dynamic hedging	16.5	(0.7)	1.0	0.0	16.8	(0.1)	(0.7)	(0.1)	15.9
Total risk management	**92.9**	**(0.7)**	**0.6**	**4.6**	**97.4**	**1.3**	**0.0**	**(3.3)**	**95.4**
FX Alpha	4.5	0.7	0.5	0.3	6.0	(2.0)	(1.5)	0.5	3.0
Custom solutions	3.7	(2.3)	0.0	0.0	1.4	0.0	0.0	0.0	1.4
Total return	**8.2**	**(1.6)**	**0.5**	**0.3**	**7.4**	**(2.0)**	**(1.5)**	**0.5**	**4.4**
EM Debt	1.0	0.1	0.0	0.0	1.1	(0.1)	0.0	0.0	1.0
Private markets	**1.0**	**0.1**	**0.0**	**0.0**	**1.1**	**(0.1)**	**0.0**	**0.0**	**1.0**
Cash	0.1	0.0	0.0	4.9	5.0	0.0	0.0	0.0	0.1
Total AUM	**102.2**	**(2.2)**	**1.1**	**0.0**	**101.1**	**(0.8)**	**(1.5)**	**(2.8)**	**100.9**

Source: Record accounts

AUM drives management fees; performance fee visibility increases within dynamic hedging

Recurring management fees increased across all product areas, with the exception of custom solutions, which showed the impact of some specific client rebalancing in FY24 and early FY25. This, in turn, caused 18% growth in passive hedging driven by the switch from an active custom solutions strategy. Hedging for asset management fees reflected strong AUM growth and should continue to drive positive earnings momentum for the group. Overall, risk management, the largest pillar, experienced fee growth of 9%, while private markets increased by 4%. The total return pillar declined materially because of the aforementioned reallocation of a large client mandate out of custom solutions. Record's performance fee generation was lower than in FY24 but, importantly, included a recurring contribution from dynamic hedging. Management believes the dynamic hedging performance fees are more structural, have better visibility and are therefore likely to recur. This is largely due to the manner in which the fees are generated, primarily through benchmark outperformance and capturing market inefficiencies. Performance fees generated within the absolute return pillar are more exceptional in nature and were responsible for a large part of total FY24 performance fee generation.

Exhibit 3: Revenue summary

£m	FY25	FY24	FY25/FY24
Passive hedging	11.5	9.7	18%
Hedging for asset managers	3.6	2.9	24%
Dynamic hedging	13.7	13.7	0%
Total risk management	**28.7**	**26.3**	**9%**
FX Alpha	1.6	1.3	30%
Custom solutions	1.9	6.3	-70%
Total return	**3.5**	**7.6**	**-53%**
EM Debt	5.0	4.8	4%
Private markets	**5.0**	**4.8**	**4%**
Total management fees	**37.2**	**38.7**	**-4%**
Risk management	3.2	2.9	10%
Absolute return	0.0	2.9	-100%
Total performance fees	**3.2**	**5.8**	**-46%**
Total management & performance fees	**40.4**	**44.5**	**-9%**
Other income	1.2	0.8	42%
Total revenue	**41.6**	**45.4**	**-8%**

Source: Company accounts

Results were broadly in line

The FY25 results were very close to our forecasts. In brief, although revenues were lower, this was substantially offset by tight control of underlying costs and the non-recurrence of exceptional costs. An issue over the last couple of years has been cost inflation, both from general economic conditions but also from specific IT investment. After the company's decision to bring in-house the company's IT infrastructure and development teams, one element that had caused elevated costs has been addressed. Recurring operating expenses of £31.3m were up slightly versus FY24 and Record has guided for only inflationary costs in FY26. This is despite further investments, some dual-running costs from its move to a new office and higher professional fees related to its various new funds and ventures. The tax charge was also much lower because of the recognition of a tax credit relating to the accumulated losses in the German subsidiary and reflecting management's confidence that the German subsidiary will soon begin to generate profits. The company has increased its FY25 dividend to 4.65p per share, highlighting management's discipline around capital return. It views balance sheet strength as important to both clients and investors, and it will therefore remain a priority. Record has net assets of £29m and maintains a healthy buffer above its regulatory capital requirement.

Exhibit 4: FY25 actuals versus FY24 and FY25 estimates

				Edison forecast
£m unless stated otherwise	**FY25**	**FY24**	**FY25/FY24**	**FY25e**
Closing AUME (£bn)	100.9	102.1		100.9
Management fees/AUME (bps)	4.7	5.3		4.8
Management fees	37.2	38.7	-4%	37.9
Performance fees	3.2	5.8	-46%	3.2
Other revenue	1.2	0.8	42%	1.0
Revenue	**41.6**	**45.4**	**-8%**	**42.1**
Recurring operating expenses	(31.3)	(30.8)	2%	(31.4)
Exceptional costs		(1.9)		
Other income/expense	0.4	(0.0)		0.1
Finance income	0.3	0.3		0.5
Profit before tax	**10.9**	**12.9**	-15%	**11.3**
Tax	(1.8)	(3.7)		(3.2)
Profit after tax	**9.1**	**9.3**	-2%	**8.1**
Non-controlling interests	0.6	0.0		1.4
Attributable earnings	**9.7**	**9.3**	5%	**9.5**
Basic EPS (p)	4.9	4.8	3%	4.8
Diluted underling EPS (p)	4.9	4.8	3%	4.8
DPS (p)	4.7	4.6	1%	4.6
Payout ratio	93%	82%		93%

Source: Company accounts, Edison Investment Research

Guidance for revenue growth

The company's expectations for FY26 are to grow the top-line by mid-single digits due to the robust pipeline of opportunities, however, the timing of the revenues is not currently certain. This is reflected in our revised forecasts. For FY26, AUM growth and recurring revenue versus FY25 are slightly lower because of uncertainty around mandate execution timing. We now assume slightly higher performance fees reflecting the sustained positive track record in dynamic hedging. Cost guidance remains at inflation levels, which is positive in our view, and offsets some of the lower revenue. Importantly, the teams for the new initiatives in the pipeline are already in place, meaning future growth should flow through Record's platform without creating material incremental costs. PAT is slightly above previous estimates, however, the tax rate normalisation and a lower non-controlling interest add-back cause both EPS and DPS to remain flat in FY26. We then forecast earnings to grow in FY27 as new product initiatives come online.

Exhibit 5: FY26 forecast changes

	New forecasts		Old forecast	Change in FY26e vs previous	
£m unless stated otherwise	**FY26e**	**FY27e**	**FY26e**	**£m**	**%**
Closing AUME (£bn)	104.5	108.1	108.2	(3.8)	-3%
Management fees/AUME (bps)	4.9	5.2	5.0	(0.1)	
Management fees	38.5	42.2	39.9	(1.4)	-3%
Performance fees	3.0	3.0	2.0	1.0	
Other revenue	1.6	1.4	1.0	0.6	
Revenue	**43.1**	**46.6**	**42.9**	0.2	0%
Recurring operating expenses	(31.1)	(33.1)	(31.4)	0.2	-1%
Other income/expense	0.2	0.2	0.0	0.2	
Finance income	0.3	0.2	0.5	(0.2)	
Profit before tax	**12.5**	**13.8**	**12.0**	0.4	4%
Tax	(3.4)	(3.7)	(3.3)	(0.1)	
Profit after tax	**9.1**	**10.1**	**8.8**	0.3	
Non-controlling interests	0.5	0.0	1.1	(0.6)	
Attributable earnings	**9.6**	**10.1**	**9.9**	(0.2)	-2%
Diluted underling EPS (p)	4.9	5.1	5.0	(0.1)	-3%
DPS (p)	4.7	4.7	4.6	0.1	1%
Payout ratio	94%	89%	90%		

Source: Company accounts, Edison Investment Research

Exhibit 6: Financial summary

Year end 31 March (£m)	2023	2024	2025	2026e	2027e
Opening AUME (US$bn)	**82.9**	**87.6**	**102.2**	**100.9**	**104.5**
Net inflow/(outflow)	9.1	6.8	(3.0)	3.6	3.6
FX, market, & other movements	(4.4)	7.7	1.7	0.0	0.0
Closing AUME (US$bn)	**87.6**	**102.1**	**100.9**	**104.5**	**108.1**
Management fees/average AUME (excl. perf fees) bps	5.6	5.3	4.7	4.9	5.2
PROFIT & LOSS					
Revenue	**44.7**	**45.4**	**41.6**	**43.1**	**46.6**
Cost of sales	(0.0)	(0.1)	(0.5)	(0.3)	(0.3)
Gross profit	**44.7**	**45.3**	**41.1**	**42.8**	**46.3**
Other income/(expense)	(0.3)	(0.0)	0.4	0.2	0.2
Staff costs	(20.4)	(19.4)	(19.3)	(19.9)	(21.4)
Other costs	(8.7)	(10.6)	(10.8)	(10.2)	(10.7)
Depreciation and amortisation	(0.8)	(0.7)	(0.8)	(0.8)	(0.8)
Total expenses	**(29.9)**	**(30.7)**	**(30.8)**	**(30.8)**	**(32.8)**
Share of profit/(loss) of JV	0.0	0.0	(0.0)	0.0	0.0
Underlying operating profit	**14.5**	**14.5**	**10.7**	**12.2**	**13.6**
Finance income	0.1	0.3	0.3	0.3	0.2
Underlying profit before tax	**14.6**	**14.8**	**10.9**	**12.5**	**13.8**
Non-recurring items	0.0	(1.9)	0.0	0.0	0.0
Profit before tax	**14.6**	**12.9**	**10.9**	**12.5**	**13.8**
Taxation	(3.3)	(3.7)	(1.8)	(3.4)	(3.7)
Profit after tax	11.3	9.3	9.1	9.1	10.1
Non-controlling interests	0.0	0.0	0.6	0.5	0.0
Attributable profit	**11.3**	**9.3**	**9.7**	**9.6**	**10.1**
Average basic number of shares outstanding (m)	190.5	191.5	193.2	193.9	193.9
Average number of diluted shares outstanding (m)	195.3	193.7	196.6	196.9	196.9
Basic EPS (p)	6.0	4.8	5.0	5.0	5.2
Fully diluted EPS (p)	5.8	4.8	4.9	4.9	5.1
Basic underlying EPS (p)	6.0	5.6	5.02	5.0	5.2
Dividend per share (p)	4.5	4.6	4.7	4.7	4.7
Special dividend per share (p)	0.7	0.6	0.0	0.0	0.0
Total dividend (p)	5.2	5.2	4.7	4.7	4.7
Pay-out ratio (ordinary DPS)	0.8	0.8	0.9	0.9	0.9
BALANCE SHEET					
Non-current assets	**7.8**	**5.5**	**15.0**	**15.0**	**15.0**
Intangible Assets	1.4	0.0	0.4	1.0	1.6
Tangible Assets	0.4	0.2	2.1	2.0	1.9
Investments	4.9	4.9	4.1	4.1	4.1
Other	1.1	0.3	8.4	7.9	7.4
Current assets	**28.9**	**30.6**	**27.0**	**28.3**	**30.5**
Debtors	14.4	13.0	13.3	14.4	15.4
Cash	9.9	8.0	11.8	12.0	13.2
Money market instruments	4.5	9.5	1.5	1.5	1.5
Other	0.1	0.1	0.4	0.4	0.4
Current liabilities	**(7.6)**	**(7.0)**	**(5.9)**	**(6.3)**	**(6.7)**
Creditors	(6.0)	(4.9)	(5.4)	(5.8)	(6.2)
Financial liabilities	0.0	0.0	0.0	0.0	0.0
Other	(1.6)	(2.1)	(0.5)	(0.5)	(0.5)
Non-current liabilities	**(0.8)**	**(0.1)**	**(7.1)**	**(6.8)**	**(6.5)**
Net assets	**28.3**	**29.0**	**29.1**	**30.2**	**32.2**
Non-controlling interests	0.0	0.0	0.0	(0.5)	(0.5)
Net assets attributable to ordinary shareholders	**28.3**	**28.9**	**29.1**	**30.7**	**32.7**
No of shares at year end (m)	190.3	192.4	193.9	193.9	193.9
NAV per share (p)	**14.9**	**15.0**	**15.0**	**15.8**	**16.9**
CASH FLOW					
Cash flow from operating activities	**10.5**	**13.1**	**7.3**	**10.0**	**11.1**
Capex	(0.3)	0.0	0.0	0.0	(0.1)
Cash flow from other investing activities	7.5	(3.2)	7.1	(0.5)	(0.5)
Cash flow from investing activity	0.0	**(3.2)**	**7.1**	**(0.5)**	**(0.6)**
Dividends	(9.1)	(10.1)	(10.0)	(9.0)	(9.0)
Other financing activities	(2.2)	(0.3)	(0.5)	(0.3)	(0.3)
Net cash flow from financing activity	**0.0**	**(10.4)**	**(10.6)**	**(9.3)**	**(9.3)**
FX and Other	0.2	(1.4)	(0.0)	0.0	0.0
Net cash flow	**6.6**	**(2.0)**	**3.8**	**0.2**	**1.2**
Opening cash/(net debt)	3.3	9.9	8.0	11.8	12.0
Closing net (debt)/cash	**9.9**	**8.0**	**11.8**	**12.0**	**13.2**
Closing net (debt)/cash inc money market instruments	**14.5**	**17.5**	**13.3**	**13.5**	**14.7**

Source: Company accounts, Edison Investment Research

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