

Record

H126 results – timing uncertainty

H126 results

Record's H126 results (to 30 September) were mixed, with assets under management (AUM) growing to \$110bn. Revenues were down 9% following the termination of previously identified client mandates at the end of last year. The company has cut costs by 4%, offsetting some of the revenue weakness in the period. The outlook for the remainder of the fiscal year is highly dependent on the timing of certain mandates in the pipeline. That said, the company's strategic refocus on core products that can grow, diversify and enhance the quality of earnings is accelerating. The Infrastructure fund has commenced investment, which will support earnings in FY26 and beyond. Finally, Record maintained the interim dividend at 2.15p, highlighting management's discipline around capital return.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/24	45.4	12.9	4.78	4.60	12.1	8.0
3/25e	41.6	10.9	4.93	4.65	11.7	8.1
3/26e	39.3	9.5	3.91	4.65	14.7	8.1
3/27e	44.6	13.7	4.56	4.65	12.6	8.1

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

H126 AUM at an all-time reported high of \$110bn

AUM grew to \$110.3bn, the highest level reported for Record, primarily driven by \$7.6bn of F/X. Crystallised H1 performance fees of £0.8m were slightly below our expectations, and thus we have trimmed our FY26 performance fee estimate to £1.2m. Total revenues were £19.2m or 9% lower, while underlying costs were £14.8m or 4% lower despite continuing investment. We have trimmed our FY26 EPS forecasts, reflecting H1's lower revenues. We have also introduced FY28 forecasts.

New products in the pipeline, timing uncertain

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 deploying funds 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.

Valuation undemanding, dividend supportive

The shares currently trade on a P/E of c 12.6x FY27e and have a supportive dividend yield of c 8%. 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.

Financials

12 November 2025

Price 57.60p
Market cap £115m

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	(0.7)	(3.4)	0.6
52-week high/low		67.0p	43.3p

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

Q3 update	23 January 2026
Q4 update	24 April 2026

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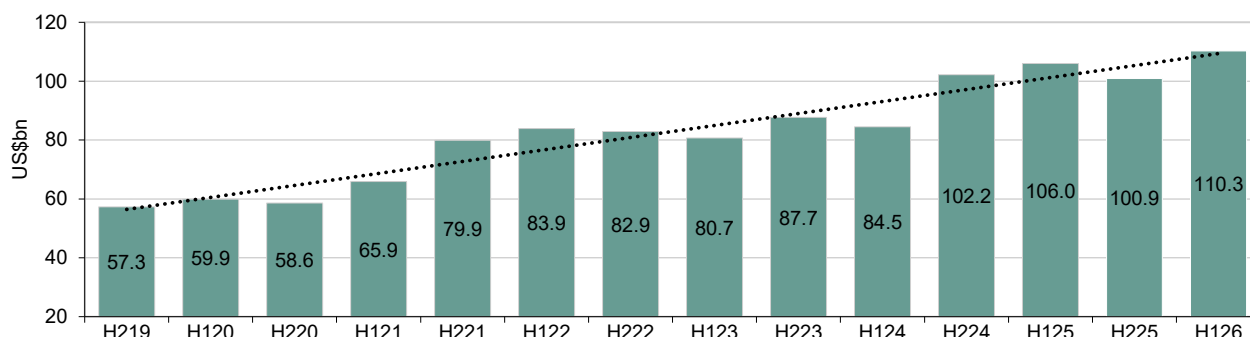
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H126 results review

Record has posted a strong long-term track record of AUM growth over the past few years, surpassing \$110bn for the first time at the end of H126. We show the AUM development in Exhibit 1 below.

Exhibit 1: Long-term AUM growth



Source: Record

H126 saw inflows of \$2.2bn into solutions for asset managers and outflows of \$1.5bn from FX alpha. Favourable foreign exchange movements were one of the biggest drivers of increases in AUM during the period. Record's AUM is reported in US dollars, but the underlying assets are denominated in multiple underlying currencies, and the company earns management fees in those underlying currencies. Approximately 60% of AUM is denominated in Swiss francs, 25% in US dollars, 6% in euros and 6% 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: AUM development

£bn	FY25	Net flows	Market movements	FX & other	H126	Net flows	Market movements	FX & other	FY26e
Passive hedging	65.1	(0.1)	0.1	6.9	72.0	0.1	0.0	0.0	72.1
Dynamic hedging	16.0	(0.2)	1.4	0.0	17.2	0.1	0.0	0.0	17.3
Solutions for asset managers	14.3	2.2	0.1	0.6	17.2	0.5	0.0	(0.4)	17.3
Total risk management	95.4	1.9	1.6	7.5	106.4	0.7	0.0	(0.4)	106.7
FX Alpha	3.0	(1.5)	0.1	0.1	1.7	0.3	0.0	0.2	2.2
Custom opportunities	1.4	(0.5)	(0.1)	0.0	0.8	0.1	0.0	0.0	0.9
Absolute return	4.5	(2.0)	0.0	0.1	2.5	0.4	0.0	0.2	3.0
EM debt	1.0	0.0	0.0	0.0	1.0	0.1	0.0	0.0	1.1
Infrastructure	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Private markets	1.0	0.1	0.0	0.0	1.1	0.1	0.0	0.0	1.2
Cash	0.1	0.0	0.0	0.0	0.3	0.0	0.0	(0.2)	0.1
Total AUM	100.9	0.1	1.7	7.6	110.3	1.2	0.0	(0.4)	111.0

Source: Record, Edison Investment Research estimates

AUM drives management fees; performance fee generation decreases

Recurring management fees decreased across all product areas, except for solutions for asset managers, which was driven by the impact of some specific client rebalancing in FY25. Solutions for asset managers saw a 36% increase year-on-year in management fees to £2.3m, highlighting the strong inflows and client demand for Record's products in this area. Both dynamic and passive hedging saw management fees fall c 5% on the back of outflows from client redemptions. Looking forward we believe that solutions for asset managers fees will track AUM growth and should continue to drive positive earnings momentum for the group. Performance fees of £0.8m were down 50% y-o-y, and we have trimmed our FY26 estimate, reflecting lower performance fee generation in H1. Management believes the enhanced passive 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 FY25 performance fee generation.

H1 results review

In brief, although H1 revenues were 9% lower year-on-year, this was substantially offset by tight control of underlying costs and the non-recurrence of exceptional costs. An issue over the past 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 its IT infrastructure and development teams, one element that had caused elevated costs has been addressed. Operating expenses of £14.8m were down c 4% versus the prior year and running slightly better than our FY26e run-rate. Record has guided for costs to increase in line with inflation from the end of FY26 onwards, hence our 3% cost growth in FY27e. 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 company has maintained its H126 dividend at 2.15p 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 £27.8m and maintains a healthy buffer above its regulatory capital requirement.

Guidance for revenue growth though timing uncertain

The company's expectations 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 FY26e, recurring revenues versus FY25 are slightly lower because of uncertainty around mandate execution timing. We now assume slightly lower performance fees reflecting the broader market conditions and H1 results. Costs remain well controlled, which is positive in our view, and offset 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. We also introduce FY28 estimates. Revenues are forecast to grow c 3% as AUM continues to expand; however, this could accelerate depending on how the pipeline matures.

Exhibit 3: Financial summary

Year end 31 March (£m)	2022	2023	2024	2025	2026e	2027e	2028e
Opening AUME (US\$bn)	79.9	82.9	87.6	102.2	100.9	111.0	114.6
Net inflow/(outflow)	2.4	9.1	6.8	(3.0)	10.1	3.6	3.6
FX, market and other movements	0.6	(4.4)	7.7	1.7	0.0	0.0	0.0
Closing AUME (US\$bn)	82.9	87.6	102.1	100.9	111.0	114.6	118.2
Management fees/average AUME (excl. perf fees) bps	5.5	5.6	5.3	4.7	4.6	5.1	5.3
PROFIT & LOSS							
Revenue	35.2	44.7	45.4	41.6	39.3	44.6	45.9
Cost of sales	(0.2)	(0.0)	(0.1)	(0.5)	(0.2)	(0.4)	(0.3)
Gross profit	34.9	44.7	45.3	41.1	39.2	44.2	45.6
Other income/(expense)	(0.4)	(0.3)	(0.0)	0.4	0.3	0.1	0.1
Staff costs	(16.5)	(20.4)	(19.4)	(19.3)	(18.6)	(19.2)	(20.3)
Other costs	(6.2)	(8.7)	(10.6)	(10.8)	(10.2)	(10.7)	(10.7)
Depreciation and amortisation	(1.0)	(0.8)	(0.7)	(0.8)	(1.3)	(0.8)	(0.8)
Total expenses	(23.7)	(29.9)	(30.7)	(30.8)	(30.0)	(30.7)	(31.8)
Share of profit/(loss) of JV	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0
Underlying operating profit	10.8	14.5	14.5	10.7	9.5	13.7	14.0
Finance income	0.0	0.1	0.3	0.3	0.0	0.0	0.0
Underlying profit before tax	10.9	14.6	14.8	10.9	9.5	13.7	14.0
Non-recurring items	0.0	0.0	(1.9)	0.0	0.0	0.0	0.0
Profit before tax	10.9	14.6	12.9	10.9	9.5	13.7	14.0
Taxation	(2.2)	(3.3)	(3.7)	(1.8)	(2.5)	(3.7)	(3.9)
Profit after tax	8.6	11.3	9.3	9.1	7.0	9.9	10.1
Non-controlling interests	0.0	0.0	0.0	0.6	0.8	(0.8)	(0.8)
Attributable profit	8.6	11.3	9.3	9.7	7.8	9.1	9.3
Average basic number of shares outstanding (m)	191.1	190.5	191.5	193.2	194.4	194.4	194.4
Average number of diluted shares outstanding (m)	197.3	195.3	193.7	196.6	199.9	199.9	199.9
Fully diluted EPS (p)	4.4	5.81	4.78	4.93	3.91	4.56	4.66
Basic EPS (p)	4.5	5.95	5.60	5.02	4.02	4.69	4.79
Dividend per share (p)	3.9	4.50	4.60	4.65	4.65	4.65	4.65
Special dividend per share (p)	0.9	0.7	0.6	0.0	0.0	0.0	0.0
Total dividend (p)	4.8	5.2	5.2	4.7	4.7	4.7	4.7
Pay-out ratio (ordinary DPS)	0.9	0.8	0.8	0.9	1.2	1.0	1.0
BALANCE SHEET							
Non-current assets	6.1	7.8	5.5	15.0	14.6	14.6	15.0
Intangible Assets	0.6	1.4	0.0	0.4	0.8	1.4	1.8
Tangible Assets	0.4	0.4	0.2	2.1	2.0	1.9	2.0
Investments	3.4	4.9	4.9	4.1	4.1	4.1	4.1
Other	1.7	1.1	0.3	8.4	7.6	7.1	7.1
Current assets	27.1	28.9	30.6	27.0	26.0	28.5	29.1
Debtors	9.9	14.4	13.0	13.3	13.1	14.7	15.2
Cash	3.3	9.9	8.0	11.8	11.0	11.9	12.0
Money market instruments	13.9	4.5	9.5	1.5	1.5	1.5	1.5
Other	0.0	0.1	0.1	0.4	0.4	0.4	0.4
Current liabilities	(6.2)	(7.6)	(7.0)	(5.9)	(5.8)	(6.4)	(6.6)
Creditors	(4.7)	(6.0)	(4.9)	(5.4)	(5.3)	(5.9)	(6.1)
Financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(1.5)	(1.6)	(2.1)	(0.5)	(0.5)	(0.5)	(0.5)
Non-current liabilities	(1.1)	(0.8)	(0.1)	(7.1)	(6.8)	(6.5)	(6.4)
Net assets	25.9	28.3	29.0	29.1	28.0	30.1	31.1
Non-controlling interests	0.0	0.0	0.0	0.0	(0.8)	(0.0)	0.4
Net assets attributable to ordinary shareholders	25.9	28.3	28.9	29.1	28.8	30.1	30.7
No of shares at year end (m)	199.1	190.3	192.4	193.9	194.4	194.4	194.4
NAV per share (p)	13.0	14.9	15.0	15.0	14.8	15.5	15.8
CASH FLOW							
Cash flow from operating activities	11.4	10.5	13.1	7.3	9.2	10.8	11.0
Capex	(0.1)	(0.3)	(0.0)	(2.1)	(0.1)	(0.1)	(0.1)
Cash flow from other investing activities	(3.4)	7.5	(3.2)	9.2	(0.6)	(0.5)	(0.5)
Cash flow from investing activity			(3.2)	7.1	(0.7)	(0.6)	(0.6)
Dividends	(6.5)	(9.1)	(10.1)	(10.0)	(9.0)	(9.0)	(9.0)
Other financing activities	(5.0)	(2.2)	(0.3)	(0.5)	(0.3)	(0.3)	(0.3)
Net cash flow from financing activity			(10.4)	(10.6)	(9.3)	(9.3)	(9.3)
FX and Other	0.1	0.2	(1.4)	(0.0)	0.0	0.0	0.0
Net cash flow	(3.5)	6.6	(2.0)	3.8	(0.8)	0.9	1.1
Opening cash/(net debt)	6.8	3.3	9.9	8.0	11.8	11.0	11.9
Closing net (debt)/cash	3.3	9.9	8.0	11.8	11.0	11.9	13.0
Closing net (debt)/cash inc money market instruments	17.3	14.5	17.5	13.3	12.5	13.4	14.5

Source: Company accounts, Edison Investment Research

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