
WEALTH PRESERVATION

Equity Research Report

LSEG

London Stock Exchange Group plc

Exchange	LON: LSEG	Report Date	8 February 2026
Sector	Financial Data & Infrastructure	Analyst	Moschovakis Capital Research
Current Price	7,502p (GBX)	52-Week Range	6,684p - 11,915p
Market Cap	~£38.0B	Dividend Yield	1.8%
Forward P/E	~22x	Adj. EPS (FY24)	363.5p

RECOMMENDATION	POSITION SIZE	WP SCORE	RISK LEVEL
BUY	Full (100%)	76 / 100	MODERATE

ONE-LINE THESIS:

LSEG is a global financial infrastructure monopoly with fortress-level recurring revenues, now trading at a significant discount following AI-fear-driven selloff, offering asymmetric upside with limited permanent capital loss risk thanks to irreplaceable data assets, dominant clearing operations, and an improving margin trajectory.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only.

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1. EXECUTIVE SUMMARY

Metric	Value
Recommendation	BUY
Current Price	7,502p (GBX)
Fair Value (Base Case)	10,800p
Margin of Safety	30.5%
Target Entry (if HOLD)	N/A — Current price qualifies

Return Profile

Metric	Value
Dividend Yield	1.8%
Expected Dividend Growth	10-13% CAGR
Expected Price Appreciation	8-10% CAGR
Total Expected Return (Base)	11.2% CAGR
Bear Case Total Return	3.1% CAGR
Bull Case Total Return	17.5% CAGR
Probability-Weighted Return	10.8% CAGR

Risk Assessment

Metric	Value
Wealth Preservation Score	76 / 100
Downside Protection Score	72 / 100
Quality Score	74 / 100
Risk Level	MODERATE
Probability of >50% Loss	<5%
Recession Profile	RESILIENT

2. INVESTMENT THESIS

London Stock Exchange Group is a global financial markets infrastructure and data powerhouse that has transformed from a regional exchange operator into one of the world's most important providers of financial data, indices, clearing services, and trading platforms. Following its transformative \$27 billion acquisition of Refinitiv in 2021, LSEG now generates approximately two-thirds of its revenue from data and analytics — including the FTSE Russell index franchise, Workspace terminals, and data feeds — with the remainder from capital markets, post-trade clearing (LCH), and its majority stake in Tradeweb, a leading fixed-income electronic trading venue.

The current opportunity arises from a severe market overreaction to AI disruption fears. In the first week of February 2026, LSEG shares plunged over 20% from recent levels following the launch of new AI automation tools by Anthropic, which triggered a broad selloff across data analytics and software stocks. The share price fell from approximately 9,500p to around 7,200p in days. While AI represents a legitimate long-term consideration, the market is pricing in an extreme scenario that fundamentally misunderstands LSEG's business model. LSEG's core assets — regulated clearing infrastructure, proprietary benchmark indices, real-time pricing data, and deeply embedded financial workflows — are not replicable by AI models. JPMorgan and Goldman Sachs have both reiterated buy ratings, noting significant 'confusion' in the market regarding AI's actual impact on LSEG's business.

From a wealth preservation standpoint, LSEG meets our criteria across all critical dimensions. The balance sheet is rated A/A3 by S&P; and Moody's with stable outlooks. Adjusted EBITDA margins are expanding (48.8% in 2024, up from 47.2%). Equity free cash flow reached £2.2 billion in 2024 with improving capital intensity. The dividend, while modest at 1.8%, is growing at 13%+ annually with a conservative 36% payout ratio of adjusted earnings. Management has committed to returning substantial capital through buybacks (£1 billion in 2024 alone). At current prices around 7,500p, the stock trades at roughly 21-22x forward adjusted earnings — a significant discount to its 5-year average and well below US peers S&P; Global (~34x) and ICE (~24x). The bear case preserves capital; the base case delivers 11%+ total returns; and analyst consensus suggests 60%+ upside to target prices. This is a textbook asymmetric opportunity for our mandate.

Key Investment Points

- **Irreplaceable Infrastructure:** LCH is the world's largest OTC derivatives clearinghouse; FTSE Russell provides critical benchmarks; Workspace/Refinitiv data is deeply embedded in financial workflows with 70%+ recurring revenue.
- **AI Selloff Creates Entry Point:** 40%+ decline from 2025 highs driven by sentiment, not fundamentals. 17 analysts rate BUY with zero sells; consensus target ~12,300p (+64% upside).
- **Margin Expansion Trajectory:** Adjusted EBITDA margin improved to 48.8% in 2024. Management guiding +250bps improvement over 2024-2026 against 2023 baseline.
- **Exceptional Cash Generation:** £2.2B equity free cash flow in 2024; £1B buyback + 13% dividend growth + debt reduction simultaneously.
- **Microsoft Partnership Upside:** \$2.8B strategic partnership delivering first products in 2024/2025 with AI-enhanced data capabilities — LSEG is an AI beneficiary, not a victim.

3. BUSINESS QUALITY ASSESSMENT

Business Model

LSEG operates as a diversified global financial markets infrastructure and data provider across five divisions: Data & Analytics (~47% of revenue), FTSE Russell (~10%), Risk Intelligence (~4%), Capital Markets (~21%), and Post Trade (~18%). The company serves over 40,000 customers globally with deeply embedded, mission-critical products and services. Approximately 70%+ of revenue is recurring subscription-based, providing exceptional visibility and stability. The business model benefits from significant operating leverage — incremental revenue drops through at high margins as the fixed cost base is largely in place.

Stage 1: Sector & Theme Identification

Question	Assessment	Verdict
Is the sector understandable?	Financial data & infrastructure — well understood	PASS
Is the sector in secular decline?	No — secular growth in data, indices, clearing	PASS
Defensive or cyclical?	Moderately defensive; high recurring revenue base	PREFERRED
Sector-level tailwinds?	AI data demand, passive investing growth, regulatory clearing mandates	STRONG
Sector valuation vs. history	Trading near/below 5Y average after selloff	FAVORABLE

Sector Verdict: CONTINUE — Defensive sector with strong secular tailwinds, understandable business model, and currently favorable valuation setup.

Competitive Moat Assessment

Moat Type	Evidence	Durability (1-10)	Preservation Value
Regulated Infrastructure	LCH clearing monopoly, exchange licenses	9/10	Excellent
Switching Costs	Workspace deeply embedded; data integration costs	8/10	Excellent
Network Effects	Tradeweb liquidity pools; clearing network	8/10	Excellent
Brand / Index Power	FTSE Russell benchmarks; mandatory licensing	9/10	Excellent
Data Advantage	Proprietary pricing, reference data, 40+ years	7/10	Good

Primary Moat: Regulated Infrastructure & Switching Costs — Durability: 9/10. LCH is the world's largest clearinghouse for OTC derivatives (interest rate swaps, FX forwards, repos) with mandatory clearing requirements under global regulations. FTSE Russell indices are embedded as benchmarks in trillions of dollars of passive assets, creating contractual revenue streams that cannot be easily displaced. Workspace terminals are deeply integrated into financial institution workflows with multi-year contracts.

Threat Assessment: LOW-to-MODERATE. While AI could potentially disrupt certain data analytics workflows, LSEG's core moats — regulated clearing, proprietary real-time pricing data, and benchmark indices — are structural and cannot be replicated by AI models. The company is actively partnering with AI leaders (Microsoft, Anthropic) to enhance rather than be disrupted by AI technology.

Moat Preservation Confidence: HIGH. The competitive position is unlikely to materially erode in the next 10 years. Clearing mandates are regulatory in nature, index licensing is contractual, and data assets are proprietary.

Market Position

Dimension	Detail
Industry Ranking	#1 European financial exchange group; Top 3 globally
Data & Analytics	Second largest financial data provider globally (after Bloomberg)
Clearing (LCH)	#1 globally for OTC derivatives clearing (>\$1 quadrillion notional)
Indices (FTSE Russell)	#3 global index provider; \$18T+ benchmarked AUM
Fixed Income Trading	Majority owner of Tradeweb — #1 electronic fixed income platform
Pricing Power	STRONG — Index licensing, data subscriptions, clearing fees all benefit from pricing power
Market Share Trend	Growing — ASV growth 6.3% in 2024; new client wins across divisions

Revenue Breakdown (FY 2024)

Division	Revenue (£M)	% of Total	Growth (Organic CC)	Recurring %
Data & Analytics	4,010	~47%	4.5%	>85%
FTSE Russell	915	~11%	9.2%	>70%
Risk Intelligence	375	~4%	10.4%	>90%
Capital Markets	1,810	~21%	12.0%	~50%
Post Trade	1,390	~16%	4.5%	>60%
Total (excl. recoveries)	8,500	100%	8.7%	~70%

4. FINANCIAL FORTRESS ANALYSIS

Balance Sheet Strength

Metric	Value	Threshold	Assessment
Debt-to-Equity	0.37x	<1.0x	✓
Net Debt/EBITDA	1.7x	<2.5x target	✓
Interest Coverage (EBIT/Interest)	9.6x	>5.0x	✓
Credit Rating	A (S&P) / A3 (Moody's)	Investment Grade	✓
Total Debt	£9.4B	Manageable	✓
Cash & ST Investments	£3.5-3.7B	>20% of debt	✓
FCF Positive (5Y)	5/5 years	5/5	✓
Equity FCF (FY24)	£2.2B	Strong	✓

Solvency Verdict: FORTRESS — Investment-grade rated by both major agencies with stable outlooks. Net debt/EBITDA at 1.7x is well within the 1.5-2.5x target range. Interest coverage at 9.6x provides ample cushion. Cash generation of £2.2B provides significant financial flexibility.

Recession Stress Test

If revenue dropped 30% for 2 years (severe recession scenario): LSEG would remain comfortably solvent. Approximately 70%+ of revenue is recurring subscription-based, meaning actual revenue decline would likely be 10-15% maximum rather than 30%. Even in a severe scenario, the £2.2B FCF base and modest 36% dividend payout ratio provide substantial buffer. The company could service all debt, maintain the dividend, and avoid any dilutive equity raise. LCH clearing volumes actually increase during volatility events, providing a natural hedge.

Profitability Metrics

Metric	FY 2024	FY 2023	FY 2022	Trend
Gross Margin	87.0%	86.5%	85.8%	Improving
Adj. EBITDA Margin	48.8%	47.2%	46.2%	Improving
Reported Operating Margin	~21%	~22%	~18%	Stable (non-cash amort.)
Net Margin (Reported)	~7.7%	~8.5%	~7.0%	Stable
FCF Margin (Equity FCF/Rev)	~25%	~22%	~20%	Improving
ROIC (Adjusted)	~8-9%	~7-8%	~6-7%	Improving
ROIC vs. WACC (~7%)	Above	Marginal	Below	Crossing positive

Note on ROIC: LSEG's reported ROIC appears low (~3.75% on a trailing basis per some sources) due to the massive goodwill and intangible assets from the \$27B Refinitiv acquisition inflating invested capital. Adjusted for purchase price accounting and amortisation of acquired intangibles, the underlying business ROIC is 8-9% and improving as Refinitiv integration synergies flow through. The adjusted EBITDA margin expansion from 46.2% to 48.8% over two years demonstrates genuine operational improvement. Management targets a further 250bps margin improvement by 2026.

ROIC: ~8-9% adjusted | vs. WACC: ~7% | Trend: Improving | Verdict: Value Creating (adjusted basis; crossing WACC threshold with margin expansion)

Earnings Quality Check

Question	Assessment
OCF consistently >80% of net income?	YES — Equity FCF of £2.2B significantly exceeds reported net income of ~£685M
Receivables growing faster than revenue?	NO — Normal collection patterns
Unusual one-time gains inflating earnings?	NO — Adjusted figures exclude non-underlying items
Financial restatements in past 5 years?	NO
Cash conversion	100% — Confirmed by management

Earnings Quality: HIGH — Exceptional cash conversion; reported earnings actually understate economic earnings due to non-cash amortisation of Refinitiv intangibles.

Dilution Assessment

Shares outstanding declined from ~558M (2022) to ~532M (2024 weighted average), reflecting £1B+ annual buyback programmes. LSEG is actively reducing share count through directed buybacks from former Refinitiv consortium shareholders (Blackstone, CPPIB, GIC). In February 2026, the company continues buying back and cancelling shares (290K shares cancelled on Feb 5 alone). Net dilution is strongly negative (i.e., share count is shrinking). CEO David Schwimmer holds meaningful equity; insider ownership is aligned with shareholders.

Dilution Assessment: EXCELLENT — Share count actively declining; £1B+ annual buybacks.

5. DIVIDEND ANALYSIS

Metric	Value	Assessment
Current Yield	1.8%	Growth story; yield improving on price decline
FY 2024 DPS	130.0p	Up 13.0% year-on-year
Payout Ratio (AEPS)	35.8%	Conservative (target 33-40%)
Payout Ratio (FCF)	~30%	Highly sustainable
Dividend Growth (5Y CAGR)	~13%	Significantly above inflation
Dividend Growth (20Y CAGR)	~17%	Exceptional long-term record
Consecutive Years Paid	20+ years	Maintained through all recessions
Dividend Coverage (FCF/Div)	>3.0x	Extremely strong coverage
Maintained Through 2008-09?	YES	Dividend maintained and grew
Maintained Through 2020?	YES	Dividend maintained and grew

Dividend Sustainability: ROCK SOLID. The 35.8% payout ratio of adjusted earnings and ~30% of FCF provides enormous headroom. Even if earnings dropped 40%, dividend coverage would remain at approximately 1.8x — comfortably ADEQUATE. The 13% growth rate means the yield on cost will compound rapidly; at current prices, the yield on cost will exceed 3.5% within five years and approach 5% within seven years. Combined with the £1B+ annual buyback, total shareholder returns via distributions exceed 4% at current prices.

Stress Test: If adjusted earnings dropped 40% (extreme scenario), the payout ratio would rise to approximately 60% — still well within sustainable limits. Dividend coverage from FCF would remain above 1.5x. The dividend would be maintained with high confidence.

Dividend Per Share History

Year	DPS (p)	YoY Growth
2020	~71p	—
2021	~85p	+20%
2022	107.0p	+26%
2023	115.0p	+7.5%
2024	130.0p	+13.0%
2025E	~148p	+13-14%

6. VALUATION ANALYSIS

Relative Valuation

Metric	Current	5Y Avg	10Y Avg	vs. History
P/E (Trailing)	~40x	~35x	~30x	Above (but distorted by amort.)
P/E (Forward Adj.)	~21-22x	~28x	~25x	BELOW — Attractive
EV/EBITDA	~20x	~22x	~20x	At/Below average
P/FCF	~16x	~20x	~18x	BELOW — Attractive
Dividend Yield	1.8%	1.2%	1.4%	ABOVE avg (higher = cheaper)

Critical Valuation Context: LSEG's trailing P/E appears elevated (~40x) because reported earnings are depressed by non-cash amortisation of Refinitiv intangible assets (~£1.5B annually). This is a non-cash accounting charge that does not reflect the company's economic earnings. The adjusted P/E using adjusted EPS of 363.5p is approximately 20.6x at the current price of 7,502p — significantly below the 5-year average forward P/E of ~28x. This represents trading at the **lowest valuation in 5+ years**.

Fair Value Calculation

Component	Value
Normalised Adj. EPS (FY24)	363.5p
Expected FY25 Adj. EPS (est.)	~410p (+12-13%)
Fair P/E Multiple (based on quality, growth)	25-28x
Fair Value Range (on FY25E)	10,250p - 11,480p
Midpoint Fair Value	10,800p
Current Price	7,502p
Margin of Safety	30.5%
Analyst Consensus Target	12,300p (17 Buy, 0 Sell)

Valuation Verdict: ATTRACTIVE. LSEG is trading at a significant discount to both its own historical valuation and its peer group. The 30%+ margin of safety to our estimated fair value, combined with the unanimous analyst consensus for BUY with an average target implying 64% upside, confirms this is a deeply discounted quality asset. The stock is trading below the 25th percentile of its 5-year valuation range.

7. SCENARIO ANALYSIS

Total Return Model (10-Year Horizon)

Component	Bear Case	Base Case	Bull Case
Revenue CAGR	3.0%	7.0%	10.0%
Adj. EPS CAGR	4.0%	10.0%	14.0%
Terminal Adj. P/E	18x	25x	30x
FY24 Adj. EPS (Base)	363.5p	363.5p	363.5p
10Y Adj. EPS	~538p	~943p	~1,346p
10Y Price Target	9,684p	23,575p	40,380p
Dividend Yield (avg.)	2.0%	2.0%	2.0%
Total CAGR (incl. divs)	4.8%	14.2%	20.5%
Weight	25%	50%	25%

BEAR CASE (25% weight) — 'AI Disruption Materialises'

Assumptions: AI tools meaningfully erode Data & Analytics revenue growth; competition from Bloomberg and new entrants intensifies; UK regulatory environment becomes more challenging; global recession compresses clearing volumes. Revenue grows at only 3% CAGR, margins compress slightly, and the market assigns a trough multiple of 18x adjusted earnings. Even in this adverse scenario, the combination of modest price appreciation and dividend income (growing at 5-6% annually) produces a total return CAGR of approximately 4.8%. **Capital is preserved in the bear case.** The £100 invested becomes approximately £160 over 10 years, comfortably beating inflation.

BASE CASE (50% weight) — 'Steady Compounder'

Assumptions: LSEG continues executing on its strategy with mid-to-high single digit organic revenue growth, margin expansion per management guidance, and disciplined capital allocation. Microsoft partnership delivers incremental revenue. AI enhances rather than disrupts the business. Multiple re-rates toward historical average of 25x adjusted earnings as fears subside. Total return of 14.2% CAGR — significantly exceeding our 7% hurdle. £100 invested becomes approximately £380 over 10 years.

BULL CASE (25% weight) — 'Re-Rating + Growth Acceleration'

Assumptions: Microsoft partnership exceeds expectations driving accelerated revenue growth; Tradeweb continues gaining share in fixed income electrification; Post Trade Solutions gain traction; multiple re-rates above historical average as market recognises quality. Total return of 20.5% CAGR. £100 invested becomes approximately £640 over 10 years.

Probability-Weighted Expected Return

Scenario	Total CAGR	Weight	Contribution
Bear	4.8%	25%	1.2%

Base	14.2%	50%	7.1%
Bull	20.5%	25%	5.1%
Expected Total Return			13.4% CAGR

Critical Downside Check

Check	Result
Bear Case Total Return	4.8% CAGR — POSITIVE
Is capital preserved in downside?	YES — £100 becomes ~£160
Max estimated drawdown from current	~15-20% (to ~6,000-6,400p support)
Probability of >50% permanent loss	<5%
Bear case beats HYSA (4%)?	YES — 4.8% > 4.0%

8. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	2	Absolute debt level £9.4B	A/A3 rated; 1.7x leverage; strong FCF
Earnings Volatility	3	Non-cash amort. impacts reported earnings	70%+ recurring revenue; adjusted earnings stable
AI / Competitive Threat	5	AI could disrupt data analytics	Core assets irreplaceable; LSEG partnering with AI leaders
Regulatory Risk	4	Clearing regulation changes; UK reforms	Regulation generally supports clearing mandates
Management Risk	3	CEO turnover in key divisions in 2024	David Schwimmer stable; strong bench; board oversight
Valuation Risk	2	Stock could fall further short-term	Already trading at 5Y lows; 30%+ margin of safety
Currency Risk	4	GBP/USD exposure (~50% USD revenue)	Natural hedge; diversified globally
Aggregate Risk	3.3		LOW-MODERATE overall risk profile

AI Disruption Risk — Deep Dive

The February 2026 selloff was triggered by Anthropic's launch of Claude Cowork plugins for legal, sales, and data analysis tasks. The market extrapolated this to mean LSEG's data business is at risk. We believe this fear is significantly overstated for the following reasons:

- **Proprietary Data is Not Replicable:** LSEG owns real-time pricing data from exchanges, OTC derivatives, and fixed income markets. This is primary source data that AI models cannot generate — they can only process it.
- **Index Licensing is Contractual:** FTSE Russell indices are legally required benchmarks for trillions in passive funds. ETF providers must license these indices regardless of AI developments.
- **Clearing is Regulated Infrastructure:** LCH's clearing monopoly exists due to regulatory mandates (EMIR, Dodd-Frank). AI cannot replace a central counterparty clearinghouse.
- **LSEG is an AI Beneficiary:** The Microsoft partnership (\$2.8B) is specifically designed to embed AI into LSEG's products, enhancing their value proposition. LSEG has also partnered with Anthropic directly.
- **JPMorgan/Goldman View:** Both banks reiterated BUY ratings during the selloff, with JPMorgan noting 'confusion' about AI's actual impact. Goldman called the risk 'overstated.'

Recession Performance History

Period	Revenue Impact	Dividend Action	Stock Decline	Recovery
2008-2009 (GFC)	~-8% (pre-Refinitiv)	Maintained & grew	~-45% peak-trough	~18 months to prior peak
2020 (COVID)	Minimal (<5% dip)	Maintained & grew	~-30% Feb-Mar	~6 months to prior peak
2022 (Rate shock)	Revenue grew +6%	Grew +26%	~-25%	~12 months
2025-26 (AI selloff)	Revenue growing 9%+	Growing +13%	~-40% from peak	In progress

Recession Profile: RESILIENT. Revenue declined less than 10% in all downturns. Dividend maintained and grew through every crisis. Recovery typically within 18 months. High recurring revenue base provides exceptional stability.

9. MANAGEMENT & GOVERNANCE

CEO: David Schwimmer

Dimension	Assessment
Tenure	7+ years (appointed 2018)
Track Record	Refinitiv acquisition and integration; organic revenue CAGR 6.5% (2021-23); transformed business from regional exchange to global data
Communication	Clear, strategic; articulates data-centric vision well
Compensation (FY23)	~£7.8M total (reasonable vs. value created)
Insider Ownership	Meaningful equity holdings; aligned

CFO: Michel-Alain Proch (appointed Feb 2024)

Brings extensive financial leadership experience from global financial infrastructure and IT data solutions firms. Has demonstrated strong cost discipline with adjusted EBITDA margin expanding 160bps in first full year.

Capital Allocation (5Y)

Dimension	Assessment	Verdict
Dividend Growth	Consistent 13%+ CAGR; 20-year track record	✓
Buybacks	£1B+ annually at reasonable valuations	✓
Acquisitions	Refinitiv transformative; Acadia, LCH consolidation value-accretive	✓
Debt Management	Deleveraging from 2.5x to 1.7x; A/A3 rated	✓
CapEx Discipline	Capex intensity declining (11.3% of income, -160bps YoY)	✓

Management Quality: GOOD. Strong capital allocation track record. Minor concern around executive turnover in 2024 (multiple division heads departed), but CEO stability and board oversight provide continuity. The Microsoft partnership and AI strategy demonstrate forward-thinking management.

10. PEER COMPARISON

Metric	LSEG	S&P Global	ICE	Deutsche Boerse	Best for Preservation
Forward P/E	~22x	~34x	~24x	~25x	LSEG (cheapest)
EV/EBITDA	~20x	~28x	~18x	~16x	Deutsche Boerse
Dividend Yield	1.8%	0.7%	1.2%	1.8%	Tie: LSEG / DB1
Div. Growth (5Y)	~13%	~10%	~11%	~12%	LSEG
Net Debt/EBITDA	1.7x	1.8x	3.2x	1.0x	Deutsche Boerse
EBITDA Margin	48.8%	~55%	~58%	~55%	ICE / SPGI
Revenue Growth	8.7%	~11%	~7%	~12%	Deutsche Boerse
Credit Rating	A / A3	BBB+ / Baa1	A- / A3	AA / Aa1	Deutsche Boerse
Recurring Rev %	~70%	~80%	~55%	~50%	S&P Global
Beta	0.36	1.1	0.8	0.7	LSEG (lowest)

Why LSEG Over Peers: LSEG offers the most compelling valuation among global financial infrastructure peers. At ~22x forward earnings, it trades at a 35% discount to S&P; Global and a meaningful discount to its own history. The 0.36 beta provides exceptional defensive characteristics — lower volatility than any peer. The dividend yield matches Deutsche Boerse but with faster growth. While ICE and S&P; Global have higher margins, LSEG's margin trajectory is improving rapidly (+160bps in 2024) with management guiding further expansion. The AI-driven selloff has created a uniquely asymmetric entry point for what is fundamentally one of the highest-quality businesses in financial services.

Wealth Preservation Quality Score

Category	Criteria	Points	LSEG Score
Balance Sheet (40 pts)	D/E <0.5x	15	15
	Interest Coverage >8x	15	15
	FCF positive 5/5 years	10	10
Income Reliability (30 pts)	Div. yield 1-2% with <60% payout	10	10
	Div. growth >5% CAGR	10	10
	Div. history >15 years	5	5
Capital Efficiency (15 pts)	ROIC >10% (adjusted)	7	4
	ROIC trend improving	5	5
Valuation (15 pts)	Trading <25th percentile of 5Y range	15	15
TOTAL		100	74

Quality Score: 74 / 100 — Good candidate; standard position size. Score would be higher if ROIC were fully above 15%, but the Refinitiv acquisition's goodwill mathematically suppresses this metric. On an operational basis, quality is excellent.

11. KEY METRICS SUMMARY & MONITORING

Metric	Value
Wealth Preservation Score	76 / 100
Fair Value Range	10,250p - 11,480p
Current Price	7,502p
Margin of Safety	30.5%
Expected Total Return (Base)	14.2% CAGR
Bear Case Return	4.8% CAGR
Probability-Weighted Return	13.4% CAGR
Dividend Yield + Growth	1.8% + 13%
ROIC vs. WACC (Adjusted)	~8-9% vs. ~7%
Probability of Permanent Loss	<5%

Composite Wealth Preservation Score

WP Score = (Downside Protection x 0.45) + (Return Adequacy x 0.30) + (Quality x 0.25)

Component	Score	Weight	Contribution
Downside Protection	72	45%	32.4
Return Adequacy (14.2% CAGR = 100 pts)	100	30%	30.0
Quality Score	74	25%	18.5
COMPOSITE WP SCORE			76 / 100

Score: 76 / 100 — Excellent wealth preservation candidate; high conviction position.

Absolute Requirements Checklist

Requirement	Result	Pass?
Bear case total return >= 0%	4.8% CAGR	✓
Base case total return >= 7%	14.2% CAGR	✓
Solvency: FORTRESS or ADEQUATE	FORTRESS	✓
Dividend sustainability: ROCK SOLID or SUSTAINABLE	ROCK SOLID	✓
Probability of >50% permanent loss < 10%	<5%	✓

ALL ABSOLUTE REQUIREMENTS PASSED.

Monitoring Checklist & Exit Triggers

Condition	Action
Dividend cut	Reassess immediately; likely sell
Debt/Equity rises >1.5x	Sell
ROIC falls below WACC for 2+ years	Sell
Bear case return turns negative	Reduce / Sell
Price exceeds 12,000p (forward return <6%)	Trim to HOLD
AI demonstrably disrupts core data revenue	Reassess; potential sell if >15% revenue at risk
Management loses credibility / governance failure	Sell
Better opportunity with 10+ higher WP Score	Replace

12. FINAL RECOMMENDATION

RECOMMENDATION: BUY

Dimension	Detail
Position Size	Full position (100% allocation) — WP Score 76
Entry Strategy	Market order at current levels (~7,500p); scale in if further weakness to 6,500-7,000p
Current Price	7,502p
Fair Value	10,800p (midpoint)
Margin of Safety	30.5%

Expected Outcome (10 years):

Scenario	100 Invested	Total CAGR	vs. HYSA (4%)
Bear Case	160	4.8%	+12 vs. £148
Base Case	380	14.2%	+232 vs. £148
Bull Case	640	20.5%	+492 vs. £148
Probability-Weighted	355	13.4%	+207 vs. £148

Downside Protection Summary:

Check	Result
Bear case preserves capital	YES — 4.8% CAGR beats inflation and HYSA
Dividend provides income floor	YES — 1.8% yield growing 13% annually; rock solid coverage
Balance sheet provides safety	YES — A/A3 rated; 1.7x leverage; £2.2B annual FCF

ANALYST NOTES

Key Assumptions & Sensitivities:

- AI disruption remains limited to workflow enhancement rather than data substitution. If AI genuinely replaces proprietary financial data demand, bear case would shift lower.
- Management delivers on margin expansion guidance (250bps by 2026). Each 100bps miss reduces base case return by approximately 1%.
- Microsoft partnership generates incremental revenue from 2025+. Delayed execution would reduce bull case probability.
- UK regulatory environment remains supportive of London as a global financial centre. Brexit-related business migration has largely stabilised.
- Currency assumptions: GBP/USD broadly stable. A 10% GBP appreciation would reduce reported revenue growth by approximately 3-4pp given ~50% USD exposure.

Limitations:

- ROIC calculation complicated by massive goodwill from Refinitiv acquisition; adjusted figures are estimates.
- Exact AI impact on data analytics revenue is inherently uncertain and may only become clear over 3-5 years.
- Some financial metrics use adjusted (non-IFRS) figures which exclude significant amortisation charges.

Confidence Level: HIGH. The combination of fortress balance sheet, irreplaceable infrastructure assets, growing dividends, expanding margins, and a deeply discounted valuation creates a rare asymmetric opportunity. The AI disruption narrative is overdone for a business whose core assets are structural and regulatory in nature. 17 analysts rate BUY with zero sells, providing external validation. The primary risk is timing — sentiment-driven selling could persist short-term — but the fundamental investment case is robust over a 3-10 year horizon.



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