

Virtu Financial [VIRT] – Financials – MC: \$2.88B

Information as of November 21, 2025 except when noted otherwise



Company Profile

Overview: Virtu Financial, Inc. (“Virtu” or the “Company”) is a leading global financial services and technology firm headquartered in New York City, founded in 2008 by Vincent Viola and Douglas Cifu. The Company specializes in high-frequency trading (HFT), market making, and execution services, leveraging advanced proprietary technology to provide liquidity to financial markets worldwide. Virtu operates in over 50 countries, trading across equities, options, fixed income, currencies, commodities, and cryptocurrencies. It went public in 2015 and has grown through organic expansion and acquisitions, such as the 2017 purchase of KCG Holdings (market making) and the 2019 purchase of Investment Technology Group (execution services). Virtu's core mission is to enhance market efficiency by delivering innovative, transparent trading solutions, data analytics, and connectivity products. As of September 2025, the Company has approximately 1,000 employees and reported TTM revenue of \$3.1B, TTM net income of \$781M, and \$755M in cash. Virtu emphasizes technology-driven efficiency, with a focus on reducing trading costs for clients while capturing spreads and fees. Its business is divided into two operating segments: Market Making and Virtu Execution Services (VES), which together drive the majority of its revenue, and one non-operating segment: Corporate.

Investment Thesis: The Company is attractively priced both historically and relative to comparables, making it a GARP opportunity in the financial sector while offering a defensible and moderate dividend yield. Meanwhile, it is entering a new phase of growth through the appointment of a new CEO (following Douglas Cifu's retirement), reinvestment into its highly profitable core businesses, and retention of capital reserves for potential M&A activity. Senior management and the board possess the character and competence necessary to achieve the next stage of growth and to prudently pursue inorganic opportunities. We believe global geopolitics and capital markets provide a supportive macro environment for Virtu's key growth drivers while helping to mitigate risk involving competition and regulations. The Company's economic moat of proprietary technology, key acquisitions, and management execution has enabled it to maintain strong growth in both its top and bottom line over the last 8 years. We currently see no reason why this trend is likely to discontinue. However, it remains to be seen what management's exact strategy for future growth will be given the vagueness of recent forward guidance and earnings call Q&A. This ambiguity has suppressed the Company's stock price over the last 90 days creating a potential window to buy, conduct further due diligence, or await further guidance from management.

Key Personnel: CEO: Aaron Simons, Co-Pres / Co-COO: Brett Fairclough, Co-Pres / Co-COO: Joseph Molluso, CFO: Cindy Lee, Chair: Michael Viola, Co-Founder / Director: Vincent Viola, Co-Founder / Director: Douglas Cifu

Notable Insider Transactions:

02/12/2025 – 08/07/2025: Brett Fairclough sold all of his remaining common stock, still has RSUs and CIUs
YTD: Douglas Cifu has been periodically selling or gifting his common stock likely due to his retirement
*Notable insider transactions were researched on a YTD basis

Recent Events:

11/20/2025: Virtu recognized across multiple categories at the 2025 TRADE Awards
10/29/2025: 3Q25 earnings results were a double beat
07/30/2025: 2Q25 earnings results were a double beat and appoint Aaron Simons as CEO
09/12/2023: The SEC sued Virtu for misleading customers into believing it properly safeguarded their information

Financial Performance

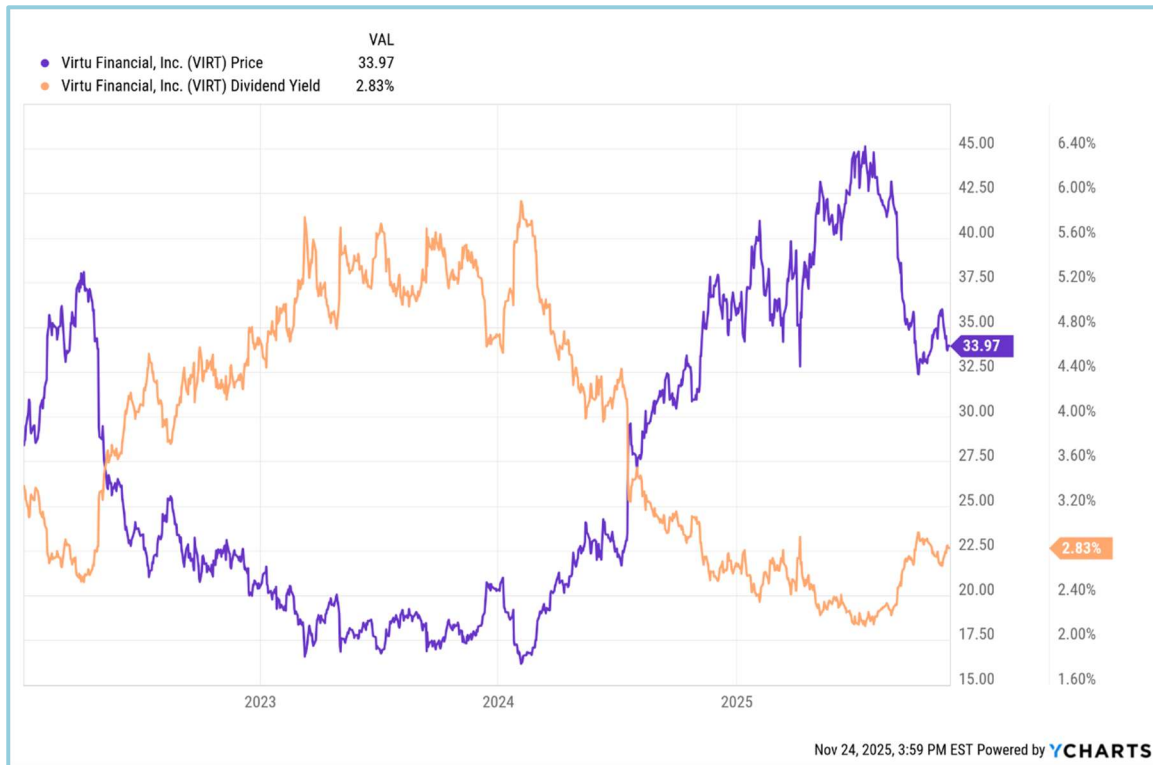
Annualized Performance Metrics: 1Y: -7.94%, 3Y: 19.60%, 5Y: 12.76%

Key Financials (TTM): Rev.: \$3.1B (17.3% YoY), Net Inc.: \$780.6M (50.5% YoY), EPS: \$4.62 (55.2% YoY)

Valuation: P/E Ratio (Fwd): 6.8x vs. Industry Avg: 24.8x, P/B Ratio: 2.0x, P/S Ratio: 0.9x

| Companies | Virtu | IBKR | Tradeweb | ICE |
|----------------------|-------|-------|----------|-------|
| P/E Ratio (1yr) | 6.8x | 29.5x | 30.8x | 22.2x |
| P/E Ratio (2yr) | 7.5x | 26.6x | 27.6x | 20.4x |
| PEG Ratio (5yr) | 0.1x | 1.3x | 0.6x | 0.5x |
| Dividend Yield (Fwd) | 2.83% | 0.52% | 0.45% | 1.24% |

Dividends: Forward Yield: 2.83%, Payout Ratio (TTM): 20.79%



Price Chart (Since 01/2020 Daily; D-SMA 50, D-SMA 200, W-SMA 200, VIX in white):



Investment Outlook

Key Growth Drivers:

Capital Markets Evolution

Virtu Financial plans to capitalize on evolving market dynamics, driving growth across its Market Making segments, including core equities (customer and non-customer), options, ETF Block and rates trading, and cryptocurrencies. Beyond what has been communicated by management, the Company could expand into token generation events (TGEs), akin to Virtu's current equity at-the-market offerings business but focused on digital assets. Additionally, the Company could leverage its Market Making and VES expertise for digital asset treasury services. Recent speculation by coverage analysts on Virtu's 3Q25 earnings call suggests that a strategic minority investment in a U.S.-based crypto exchange—potentially Gemini or Bullish, given New York ties and talent synergies—could be a part of the Company's push into digital assets (e.g. Citadel's strategic minority investment in Kraken). Lastly, Virtu's share repurchase program has deployed approximately \$1.42B to buy back about 20% of its Class A common stock float at an average cost of \$26 per share, with \$303M remaining as of Q3 2025. Coverage analysts speculate the program's moderation signals capital retention for potential M&A related to current capital markets dynamics.

Virtu Execution Services

VES currently represents approximately 25% of total adjusted net trading income (Adj. NTI, aka "total revenue") and has been identified by management as a steady, high-margin, best-in-class complement to Market Making. Forward guidance from management has been vague and sparse, however they believe that significant cross-selling opportunities exist with the Company's Market Making clients. Furthermore, the Company is undergoing a multi-asset class effort for workflow and analytics improvements to further bolster the operating segment. This is in part supported by the slowdown in the Company's share buyback program to retain capital.

Market Volatility

Virtu's stock price demonstrates a positive correlation with the CBOE Volatility Index (VIX), rooted in its core business as a market maker and execution services provider. Elevated volatility increases trading volumes, widens bid-ask spreads, and enhances revenue capture through adj. NTI. Market commentary underscores this link: high VIX periods boost profitability, while low volatility compresses earnings, often leading to analyst adjustments in price targets. Furthermore, on a 90-day interval basis the Company's stock price maintains a weak (with VIX at ~ 13) to strong (with VIX at ~ 15) positive correlation with the VIX, outside of broad market corrections. Over the next three years, Virtu's stock price outlook appears positive, given the Trump administration's policies, including tariffs, tax reforms, and deregulation, are anticipated to induce periodic VIX spikes amid inflation, a tightening labor market, and turnover at the Federal Reserve.

Key Risks:

Smaller Fish Dynamic

Virtu Financial operates as a mid-tier player in Market Making, holding under 10% U.S. equities market share compared to Citadel Securities' dominant 25-30% position and the expansive resources of wire houses like Goldman Sachs or Morgan Stanley. This scale disadvantage exposes Virtu to intensified competition for talent, client order flow, and technological innovation, potentially eroding margins. Recent clashes, such as Virtu's opposition to Citadel's efforts to block new options exchanges, highlight strategic tensions that could disadvantage smaller firms in regulatory advocacy and market access. Ongoing lawsuits alleging joint market manipulation with Citadel further amplify reputational risks, diverting management focus and inviting investor scrutiny. While Virtu's tech-driven efficiency provides a buffer, sustained pressure from larger peers may constrain growth, particularly in emerging areas like crypto. We should monitor acquisition speculation, as consolidation could either mitigate or exacerbate these dynamics.

Market Making / HFT Regulation

Virtu Financial's core Market Making operations face escalating regulatory risks from SEC proposals targeting equity market structure, payment-for-order-flow practices, and HFT transparency. Recent rule changes could compress spreads and rebates, directly impacting adj. NTI. The firm's involvement in legal challenges, including allegations of spoofing and market manipulation, underscores potential fines and operational disruptions. Broader industry scrutiny, amplified by crowded HFT spaces and declining profits, may lead to heightened compliance costs and innovation constraints. Virtu's global expansion, including potential China forays, introduces additional

geopolitical and jurisdictional complexities. While the Company's risk framework aims to mitigate these, persistent regulatory evolution under the current Trump administration could pressure margins.

Cybersecurity

As a technology-centric firm reliant on proprietary algorithms and data infrastructure, Virtu Financial is vulnerable to cybersecurity threats that could disrupt operations, compromise client data, and erode trust. The 2023 SEC lawsuit alleging misleading statements on information barriers highlights governance lapses, with ongoing litigation risking substantial penalties and reputational damage. Past incidents, like the \$6.9M BEC scam in 2020, underscore exposure to phishing and fraud in high-stakes trading environments. Virtu's Risk Committee oversees cybersecurity within its IT framework, but increasing attack sophistication—amid digital asset expansion—amplifies breach potential. Regulatory demands for enhanced disclosures could elevate compliance burdens. In a cyber-threatened landscape, these risks may contribute to earnings volatility and stock underperformance during incidents.

Analyst Consensus (as of 11/14/25): Price Target: \$42.58 (21.1% upside), Ratings: 3 Buy, 3 Hold, 1 Sell

Collar Capital Valuation:

| | |
|-----------------------------|---------------------------|
| Ticker | VIRT |
| Date | 11/14/2025 |
| Current Price | \$35.17 |
| Target Price | \$104.57 |
| Implied Return | 197.32% |
| Target Price Range | \$94.11 - \$115.02 |
| Implied Return Range | 168% - 227% |
| Probability Score | 81% |