

StoneX Group Inc.

NASDAQ: SNEX · ISIN US8618961085 · Global futures commission merchant, broker-dealer, payments and physical commodities (sector module E: residual income/FCFE at Ke; P/TBV against ROTE as cross-check) · fiscal year to 30 September · reports in USD

Billen Capital Research

Initiating Coverage

9 October 2026

RATING	REDUCE (judgement: the price is above the HR-5 reduce level and the 12-month target; HR-2 and HR-6 fail, HR-9 group 3)
TARGET PRICE (12-month, HR-1)	USD 59 per share
FAIR VALUE RANGE	Base USD 51.40 – 60.10 (Ke 10.69 % / 9.27 %, industry fade $f = 0.20$); base USD 55.55; probability-weighted fair value today USD 53.90; five scenarios USD 19.27 – 103.21
CURRENT PRICE	USD 60.10 (close 8 October 2026, Fiscal.ai; Koyfin the same); 52-week range USD 37.21 (21 Nov 2025) – 92.67 (18 Jun 2026); split-adjusted for four 3-for-2 splits (Nov 2023, Mar 2025, Mar 2026, Jul 2026)
UPSIDE	To target –1.8 %; to fair value today –10.3 %; no dividend (never paid)
WHAT THE PRICE DISCOUNTS	PVGO 25.0 % of market value on FY2027 consensus net income (USD 559m; 32.8 % on our USD 501m); our base path does not reach the price even if its excess return lasts for ever ($f = 0$: USD 59.46) — implied CAP unbounded against a benchmark of $\approx 10 + 1/f = 15$ years (other financials, $f = 0.20$; HR-12, HR-13)
DECISION LEVELS	Not held: start below USD 47.50 (HR-7) · reduce above USD 59 (HR-5 at 8 %; rolls with Ke to $\approx$ USD 65 in 12 months). The price is above the reduce level. A house research view for the CIO, not an order.
CONVICTION	2 of 5

Market cap USD 7.48bn (124.48m diluted shares; USD 7.25bn on 120.62m outstanding) · equity USD 2,844m, tangible equity USD 2,109m (30 Jun 2026) · P/TBV 3.44x · free float ≈ 88 % (officers and directors 11.8 %) · ADTV ≈ 0.95 m shares, USD 65m (60 days) · NOR LTM USD 2,858m, pre-tax income LTM USD 681m · next catalyst: Q4 FY2026 report, 25 November 2026 (Koyfin)

The one variable that decides this case: net operating revenues (NOR) in FY2027 — how much of FY2026's record USD 2,950m was the volatility and rate regime, and how much is the new base after R.J. O'Brien. NOR rose 55 % in 9M FY26 (RJO, metals, the US–Iran energy shock); Q2 FY26 alone was USD 829m and management said "we shouldn't expect" it [Q2 FY26 call]. Physical commodities ran at USD 387m in nine months against USD 209m in all of FY2025. Our base has FY2027 NOR of USD 2,884m (–2.3 %) and net income of USD 501m against a consensus of USD 559–590m. The price needs either FY2026's margin for good or 4.5 % NOR growth a year after FY2027. ± 20 % in the volatility lines moves value ± 16 %.

A franchise worth owning, at a price that already pays for its best year. StoneX clears, executes and finances for more than 80,000 commercial and institutional clients and 400,000 retail accounts; after buying R.J. O'Brien it is the largest non-bank futures commission merchant in the United States and earns a return on tangible equity of about 25–30 % [R, 10-K FY25 p.4–8; calc.]. At USD 60.10 the shares trade at 3.4x tangible book against a ten-year median of 1.8x (set in a decade of 15 % average ROE, so a premium is earned), and at 13.6x FY2027 consensus earnings that assume FY2026 was not a peak. Our base — the same franchise, ROTE 24–25 % to 2035, but FY2027 NOR –2.3 % as volatility and rates normalise — is worth USD 55.55; probability-weighted USD 53.90, –10.3 % against the price. Only bull and blue-sky lie above the price (gain/loss 0.48x; HR-6 needs 2.0x). **REDUCE**, conviction 2: the view rests on one forecast that the 25 November report starts to test. We would start a position below USD 47.50.

Author: Billen Capital Research (Pär Magnus). Research for private investment purposes; not investment advice. Position: StoneX is not held in the Billen Capital portfolio at the date of this report (förstudie 9 Oct 2026: PARK). Company figures in USD m; per-share values in USD on 124.48m diluted shares. Tags: [R] reported, [M] management statement, [S] secondary source (consensus, data vendors, press), [calc.] own calculation, [BCR est.] Billen Capital Research estimate. Sources with page references in each exhibit; bibliography in Appendix A6. Standard disclaimer in Appendix A8.

Investment summary

The CIO's question — is StoneX, after R.J. O'Brien, a structurally larger and more profitable clearing franchise whose FY2026 earnings are the new floor, or a volatility and interest-rate beneficiary at the top of its cycle? **Our answer: both, and the price pays for the first. The franchise is real — ROTE above Ke in nine of ten years, the largest non-bank FCM, USD 16bn of client float — and our base keeps ROTE at 24-25 % to 2035. But FY2026 had record volatility and still-high rates, and consensus (USD 559-590m for FY2027, two analysts) carries it forward. At USD 60.10 the market pays 25.0 % of the price for growth beyond FY2027 consensus; our base path is worth USD 55.55 and does not reach the price even with a perpetual competitive advantage. REDUCE. The case for owning starts below USD 47.50, or with FY2027 NOR above USD 3.0bn at a 24 % margin.**

THESIS IN FIVE FALSIFIABLE CLAIMS

- FY2026 is a volatility peak, not a base.** NOR of USD 724 / 829 / 720m in Q1-Q3 FY26 against USD 487-585m a quarter in FY2025 [R, ER Q1-Q3 FY26]; physical commodities USD 387m in 9M FY26 against USD 209m in all of FY2025, OTC USD 284m against USD 214m. Base: FY2027 NOR USD 2,884m — physical USD 370m, OTC USD 336m, listed USD 463m. *Falsified* if FY2027 NOR is USD 3,050m or more (our bull path).
- The float earns less per dollar after RJO, and rates are the swing factor both ways.** Net yield on client float fell from 3.76 % (Q2 FY25) to 2.77 % (Q3 FY26) as the float doubled to USD 16.2bn with RJO — 2025's Fed cuts and RJO's lower-margin balances together [R; calc.]. The Fed hiked again on 16 Sep 2026 (to 3.75-4.00 %) and markets price about one more hike [S]; 100 bp on short rates is USD 46.9m of net income a year [M, Q3 FY26 call]. Base: 2.85 % in FY2027 and held there for the whole horizon (consistent with the 5.22 % Treasury yield in Ke; F2), float +6-8 % a year. *Falsified* against us if the net yield is below 2.4 % for two quarters; in our favour if it holds 3.0 % through FY2027.
- Operating leverage is smaller than the NOR line suggests.** Variable compensation was 31.2 % of NOR in 9M FY26 and 33.9 % in Q3 [R]; fixed costs grew 9-14 % a year FY2023-25 against a "flat... inflationary" promise [M, Q4 FY24 call]. Base: variable 30.5 %, fixed costs USD 1,345m in FY2027 (+2.4 %, with the last RJO synergies) and +3.5-4.5 % a year after; pre-tax margin 22.9 % in FY2027 against 25.2 % in 9M FY26. *Falsified* if the FY2027 margin is 24 % or more.
- The franchise keeps a 24-25 % ROTE.** Tangible equity has grown 19 % a year with no dividend; the business needs $\approx$ USD 0.74 of tangible equity per USD of NOR (0.67-0.92 since 2015) [R; calc.]. Base: ROTE 24.6 % in FY2027, 25.7 % in FY2035; ROIIC on tangible capital $\approx$ 24 % FY2030-35; the historical return on all incremental equity, goodwill included, was 19-20 % (net income FY2016→25 and FY2021→25 over equity added FY2015→24 and FY2020→24) [calc.], before RJO's USD 0.66bn of goodwill and intangibles, which is not yet in that record. *Falsified* against us if ROE falls below 14 % in FY2027 (bear: USD 30.19).
- The price discounts more than the base.** PVGO 25.0 % on FY2027 consensus, 32.8 % on our FY2027 [calc., HR-13]. The reverse valuation needs NOR growth of 4.5 % a year FY2027-35 (base 4.0 %), or a pre-tax margin of 25.5 % for good, or a cost of equity of 9.27 % (ours 9.96 %). *Falsified* in the market's favour if FY2027 confirms FY2026's earnings power (net income $\geq$ USD 560m).

TARGET PRICE AND METHOD

Residual income on tangible equity (module E), computed as FCFE at Ke: $\text{FCFE} = \text{net income} + \text{amortisation of acquired intangibles} - \text{the increase in required tangible equity}$ ($\tau = 0.738 \times \text{NOR}$, the 30 June 2026 level). Balance sheet 30 June 2026, rolled 100 days at Ke to the price date. Corporate debt and cash are operating capital of an FCM (their interest is in NOR), so the bridge is zero. $\text{Ke } 9.96 \% = \text{UST } 5.22 \% + \text{beta } 1.17 \times \text{ERP } 4.05 \%$ (HR-10; same in every scenario). Terminal: HR-12 fade with $r = \text{ROIIC on tangible capital FY2030-35 (24.5 \%)}$, $g = 2.35 \%$ (T10YIE), $f = 0.20$ (other financials); band $f = 0 / 1$: USD 59.46 / 54.47. Five scenarios weighted 8/22/45/20/5 give USD 53.90; rolled at Ke with no dividend (HR-1): $53.90 \times 1.0996 = 59.26$, rounded to **USD 59**.

THREE REASONS IT WORKS (FOR A HOLDER)

- RJO turns scale into margin.** USD 6.3bn of client equity on one platform, USD 50m of cost synergies by Q1 FY27 [M]. *Confirmed by* fixed costs $\leq$ USD 337m a quarter with NOR $\geq$ USD 700m.
- Banks keep leaving clearing.** Non-bank FCMs fell from 225 to six; banks "imposed return on capital and revenue minimums" [M, Q3 FY26 call]. *Confirmed by* float growth $\geq 7 \%$ a year organically.
- Volatility stays high.** Energy, metals and tariffs keep hedging demand up. *Confirmed by* physical and OTC NOR $\geq$ USD 92m and USD 84m a quarter through FY2027.

THREE REASONS IT FAILS (FOR A HOLDER AT USD 60)

- Normalisation.** FY2021 followed FY2020's ROE of 24.9 % with 13.9 % [R]. *Confirmed by* Q4 FY26 NOR below USD 650m.

EXPECTED RETURN DECOMPOSITION

	12 months	5 years, a year
Earnings growth (BCR net income: FY2027E/FY2026E; FY2026–31E a year)	–9.0 %	2.6 %
Dividend yield (none paid)	0.0 %	0.0 %
Retained FCFE (value compounding at Ke inside the company; FY2027–31E average ÷ market cap)	—	6.9 %
Multiple change (residual)	7.9 %	–1.9 %
Total: to target / expected return (HR-2 C)	–1.8 %	7.6 %

2. **Rates.** Each 0.5 pp of net yield on float is $\approx 8\%$ of value. *Confirmed* by a net yield below 2.4 %.
3. **A credit event.** FY2017's coal loss was 9.5 % of NOR; clearing members carry client deficits. *Confirmed* by bad debts above USD 50m in a quarter (severe case USD 19.27).

Key monitorables (\$M, now): NOR per quarter USD 720m (Q3 FY26; green ≥ 700) · pre-tax/NOR 22.2 % (green $\geq 21\%$) · net yield on float 2.77 % (amber; green $\geq 2.85\%$) · float USD 16.2bn (green ≥ 17.0 bn) · variable compensation 33.9 % of NOR (**red** $> 32.5\%$) · physical NOR USD 87m (amber) · implied Ke in the price 9.27 % (amber; red $< 9.0\%$). **Flag line:** 87.3 % of FY2028E NOR is not contracted — structural for a broker (transaction and balance driven), so the risk is cyclicity, not pipeline. HR-6 gain/loss 0.48x; 100 % of the upside sits in bull and blue-sky; probability of a value below the price 75 %.

What would make us wrong

1. **FY2027 NOR $\geq$ USD 3,050m with pre-tax/NOR $\geq 24\%$** (FY2027 10-K, $\approx$ Nov 2027; quarterly from Q4 FY26). FY2026 is then the base, not the peak; our bull case (USD 77.78) becomes the base → HOLD at least.
2. **Two consecutive quarters from Q4 FY26 at NOR $\geq$ USD 760m with pre-tax/NOR $\geq 24\%$** (the FY2027 bull run-rate). A single Q4 at USD 700m is an indicator, not a falsifier — our own Q4 estimate is USD 677m and the value effect of $\pm$ USD 40m in one quarter is below 1 %.
3. **Net yield on float $\geq 3.0\%$ and float $\geq$ USD 17bn through FY2027** (quarterly releases). The Fed's hiking cycle then lifts float income structurally and is worth $\approx +8\%$ of value.
4. **Fixed costs $\leq$ USD 1,310m in FY2027 with variable compensation $\leq 30\%$ and float growth $\geq 8\%$** (Q4 FY26–Q1 FY27 run-rate). That is the guidance base, worth USD 62.10 (target USD 63) → HOLD.
5. **ROE $\geq 18\%$ in FY2027 on average equity** (FY2027; management's own target is 15 %). The franchise then earns well above the price's implied cost of equity of 9.27 %.

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Three debates that decide the case

Three questions carry the valuation. The first is a forecast question we can test within seven weeks; the second is a macro exposure we size rather than predict; the third is where we agree with the bulls about the business and disagree about the price.

Exhibit 1 — The three debates: consensus view, our view, the test and the value at stake

USD m unless stated; value effects in % of the base value USD 55.55

Debate	Consensus / bull view	BCR view	Observable test	Value at stake
1. Peak or new base: what is FY2027 NOR?	FY2026 ≈ USD 2,950m carried forward: NI USD 559–590m (2 analysts, Koyfin; Fiscal.ai)	USD 2,884m (–2.3 %): physical, OTC and listed normalise; securities, payments and float grow; NI USD 501m	Q4 FY26 NOR (25 Nov): ≥ 700 for the market, < 650 for us	±20 % in volatility lines = ±16 % of value
2. Rates: how much of NOR is the rate cycle?	Swaps (USD 2.55bn at 3.51 %) and term investments protect the float income	Net yield 2.77 % → 2.85 % (Fed hike Sep 2026) → 2.85 %; 100 bp = USD 46.9m NI [M]	Net yield on float per quarter; FOMC	±0.5 pp = ±8 %
3. Does retained capital earn more than Ke?	Yes: ROE 15–22 %, RJO accretive; buyback authorised (5m shares)	Yes on the base path (ROIIC ≈ 24 % on tangible capital), but the price already discounts it; M&A assumed NPV-neutral	TBV/NOR; RJO goodwill payback "inside 36 months"	τ ±0.05 = ±3 %; f 0 → +7 %

Source: Koyfin Actuals and Consensus 9 Oct 2026; Fiscal.ai estimates (2 Oct) and Zacks (5 Oct); ER Q1–Q3 FY26; Q3 FY26 call; Billen Capital Research estimates (engine_SNEX, G5).

Takeaway: All three debates turn on how much of FY2026 is repeatable; the business quality itself is not in dispute.

So what for the valuation. Debate 1 alone moves value by ±16 %; the rating changes if Q4 FY26 and Q1 FY27 confirm FY2026 run-rates.

A0 · Security, structure and the cash path

StoneX Group Inc. is a Delaware holding company with one class of common stock listed on Nasdaq Global Select [R, 10-K FY25 p.35, 76]. There is no controlling shareholder; index funds own a fifth and management and directors 11.8 %. The share count has been split 3-for-2 four times since November 2023; every per-share figure in this report is on the post-July 2026 basis (124.48m diluted shares).

Exhibit 2 — Share structure, ownership and distributions

shares in millions; per-share in USD

Item	Value	Source
Shares outstanding (4 Aug 2026)	120.62m	10-Q Q3 FY26 p.1
Diluted weighted shares, Q3 FY26	124.48m (basic 115.86m)	10-Q p.4
Options outstanding (30 Sep 2025, pre-2026 splits)	4.66m at USD 39.97 (≈ 10.5m at USD 17.8 after two 3:2 splits)	10-K FY25 p.116; calc.
BlackRock / Vanguard	12.5 % / 7.7 %	DEF 14A 2026 p.45
Sean O'Connor (Executive Vice-Chairman, CEO 2002–24)	6.3 % (incl. 0.45m vested options; 0.11m in a margin account)	DEF 14A 2026 p.45
Officers and directors (17 people)	11.8 %	DEF 14A 2026 p.45–46
Insider sales Jul–Sep 2026	≈ USD 27m in six Form 4 filings; no open-market purchases	Fiscal.ai news [S]
Dividend	None ever; credit agreement basket max(USD 100m, 50 % of prior-year NI)	10-K FY25 p.35; credit agreement \$8.06
Buyback	No programme purchases FY2022–Q3 FY26; 5m-share authorisation 28 Aug 2026	10-Q p.75; Fiscal.ai news [S]

Source: StoneX 10-K FY2025, 10-Q Q3 FY2026, DEF 14A 2026; Fiscal.ai company news (Form 4 summaries, secondary).

Takeaway: Cash reaches shareholders only as retained value: no dividend has ever been paid, and buybacks have been limited to tax withholding.

The cash path. Earnings arise in regulated subsidiaries — US FCMs and broker-dealers, a UK investment firm, a swap dealer, payment institutions — whose capital requirements scale with client margin and positions. Excess capital can be up-streamed only above 120 % of the greatest minimum requirement at StoneX Financial Inc. and RJO [R, 10-K FY25 p.126]. The parent services USD 1.18bn of second-lien secured notes (7.875 % 2031, 6.875 % 2032) and a USD 850m revolver, and its covenants require tangible net worth of at least USD 1bn plus half of positive quarterly earnings [R, credit agreement §8.11]. That is why we value the equity on tangible capital and treat corporate debt and cash as operating capital: interest on the notes is part of NOR (the "corporate" line) and the cash is largely trapped in regulated entities.

Exhibit 3 — Regulatory capital in the main subsidiaries, 30 June 2026

USD m; coverage = actual ÷ minimum

Entity	Actual	Minimum	Coverage
StoneX Financial Inc. (FCM/broker-dealer, US)	981.8	602.5	1.63x
StoneX Financial Ltd (UK, FCA)	600.3	490.8	1.22x
StoneX Markets LLC (swap dealer)	261.4	167.9	1.56x
StoneX Financial Pte (Singapore)	148.0	36.7	4.03x
GAIN Capital Group (retail FX, US)	89.3	29.4	3.04x
RJO & Associates (30 Sep 2025; merged into SFI in Q3 FY26)	367.4	275.8	1.33x

Source: 10-Q Q3 FY2026 p.31 (RJO row: 10-K FY2025 p.127; RJO entities not listed at 30 June 2026 after the US FCM merger).

Takeaway: Regulated capital sits 1.2–4x above minimums; growth needs retained earnings in the subsidiaries, which is the capital intensity τ in our model.

So what for the valuation. No dividend, a covenant on tangible net worth and capital locked in regulated subsidiaries mean the valuation is a residual-income (FCFE) valuation on tangible equity with a zero net-debt bridge — FCFF and EV are not defined for this balance sheet.

A · Company and business model

StoneX connects commercial companies, institutions and retail traders to more than 40 derivatives exchanges, 185 FX markets and 18,000 OTC markets, and clears, finances and holds their positions [R, 10-K FY25 p.4–5]. It earns money in two ways: **per transaction** (commissions,

spreads, rates per million) and **per balance** (the spread on USD 16bn of client float). Its edge is breadth: a coffee roaster can hedge, clear, finance inventory and pay suppliers in 140 currencies through one counterparty, and an institution can clear futures, finance securities and settle FX in the same firm. The founding firm traces to Saul Stone in 1924; the modern company is the 2009 merger of International Assets and FCStone [R, 10-K FY25 p.37; DEF 14A 2026 p.10].

Exhibit 4 — Product lines: how StoneX is paid, and what each earned

NOR, USD m; share of FY2025 NOR

Product line	How it earns	FY2024	FY2025	9M FY2026	Share FY2025
Listed derivatives	Contracts × rate per contract (commissions and clearing fees)	216.0	262.3	384.4	12.8 %
OTC derivatives	Contracts × revenue per contract (spread on hedges for commercial clients)	209.8	214.3	284.0	10.4 %
Securities	Average daily volume × rate per million (market making, prime, clearing)	370.1	496.2	486.5	24.2 %
FX/CFD	ADV × rate per million (retail FX/CFD; StoneX is counterparty)	282.2	277.1	189.3	13.5 %
Payments	ADV × rate per million (cross-border payments, FX spread)	195.1	197.6	159.1	9.6 %
Physical commodities	Gross margin on physical trades (metals, ags, energy)	174.0	208.7	387.4	10.2 %
Interest/fees on client balances	Average client float × net yield (interest earned less paid to clients)	306.8	338.0	335.1	16.5 %
Other	Advisory, asset management, Benchmark investment banking	77.9	115.2	140.1	5.6 %
Corporate (incl. corporate funding interest)	Corporate costs and interest on corporate funding	-64.7	-56.6	-92.7	-2.8 %
NOR		1,767.2	2,052.8	2,273.2	100.0 %

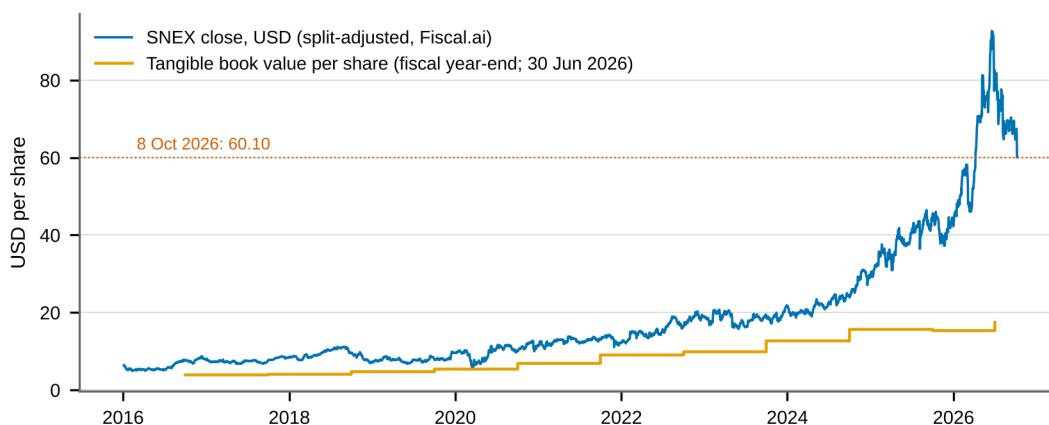
Source: Earnings releases Q4 FY2025 (FY2024 and FY2025 columns) and Q3 FY2026 (9M); 10-K FY2025 p.43. NOR = operating revenues – transaction-based clearing expenses – introducing broker commissions – interest expense.

Takeaway: No line is more than a quarter of NOR; the three volatility lines (listed, OTC, physical) rose from 33 % of NOR in FY2025 to 46 % in 9M FY2026, which is the normalisation risk.

Four operating segments, nine product lines. Reporting moved in FY2026 to product-line names (Global Hedging, Global Metals, StoneX Supply & Trading, Self-Directed, Prime Services) [R, 10-Q Q3 p.49]; the product-line NOR table above is the consistent series and the one our model forecasts as volume × price. Gross revenues of USD 132bn in FY2025 are mostly the sales value of physical commodities and mean nothing for valuation; NOR is the operating top line.

Exhibit 5 — Share price since 2016 against tangible book value per share

USD per share, split-adjusted; TBV per share at fiscal year-ends and 30 June 2026



Source: Fiscal.ai company_stock_prices (daily close); 10-K FY2016–25 and 10-Q Q3 FY2026 (tangible equity); Börsdata share counts.

Takeaway: Tangible book per share has compounded at ≈ 16 % a year (FY2016 → June 2026), but the price has risen faster since 2024: P/TBV went from ≈ 1.8x to 3.4x.

So what for the valuation. The product-line structure is the forecast structure: we model each line as volume × price (Section C), and the valuation hinges on the three volatility lines and the float yield.

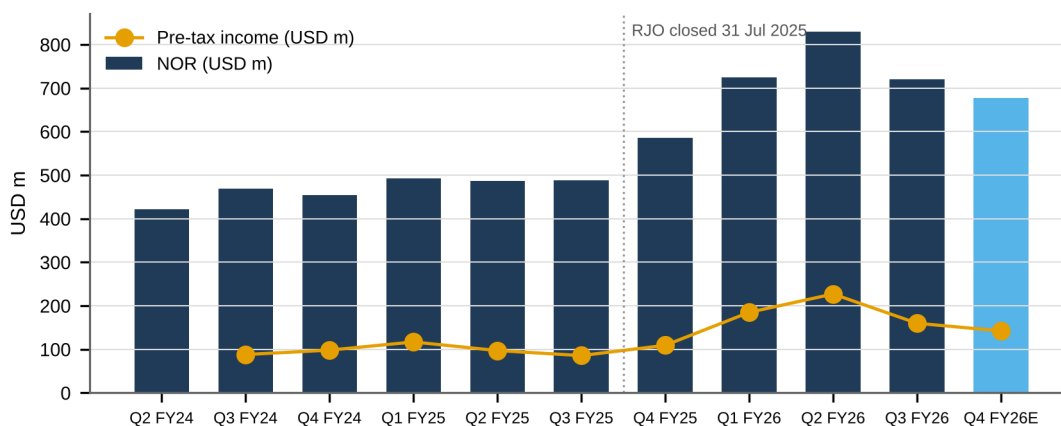
A2 · Revenue mechanics and cash timing

Transaction revenue is recognised when the trade is executed or cleared; float income accrues daily on segregated client funds invested in Treasury bills, reverse repos and money-market instruments; physical trading margin is recognised on delivery and mark-to-market of inventory

and forward contracts [R, 10-K FY25 p.82, 89]. There is no backlog. What makes NOR sticky is the client base — more than 80,000 commercial and institutional clients with no one above 10 % — and the float, which grows with client equity rather than with trading volume.

Exhibit 6 — Quarterly NOR and pre-tax income, Q2 FY2024 – Q4 FY2026E

USD m; Q4 FY2026E BCR base

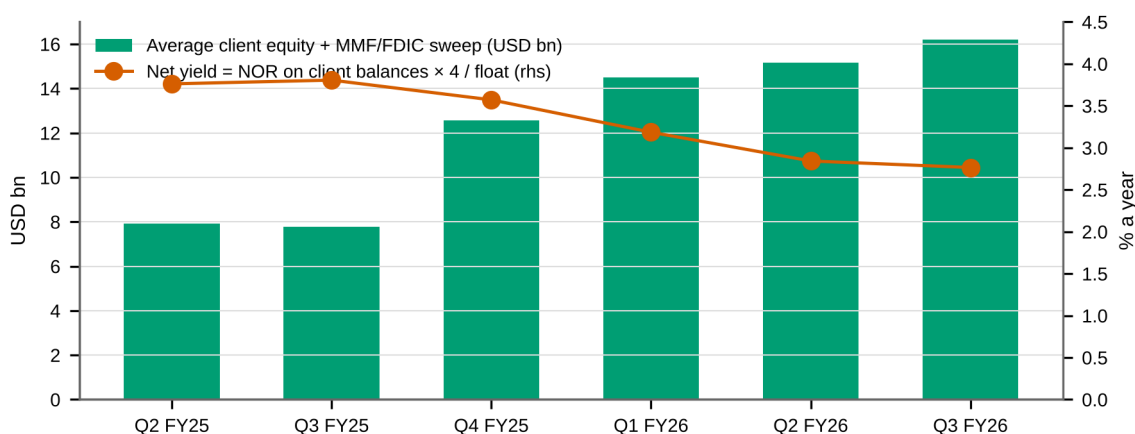


Source: Earnings releases Q2 FY2024–Q3 FY2026 (current and prior-year columns); Billen Capital Research estimates.

Takeaway: NOR stepped up with RJO (closed 31 July 2025) and again with volatility in Q1–Q2 FY26; Q3 already gave back 13 % of Q2, and our Q4 estimate is USD 676m.

Exhibit 7 — Client float and its net yield, Q2 FY2025 – Q3 FY2026

USD bn (average client equity in listed derivatives + MMF/FDIC sweep); net yield % a year

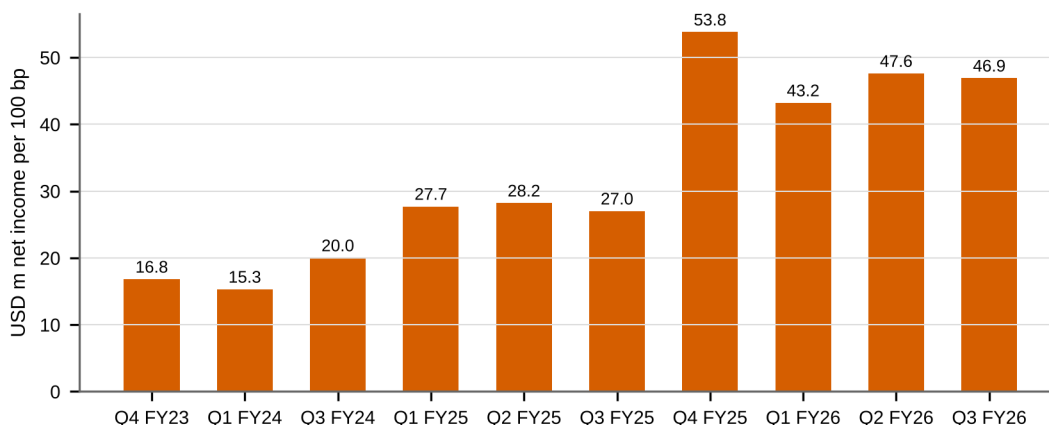


Source: Earnings releases Q2 FY2025–Q3 FY2026 (key operating metrics; NOR "interest, net / fees earned on client balances"); Billen Capital Research calculation.

Takeaway: RJO doubled the float to USD 16.2bn, but the net yield fell by a quarter (2025 Fed cuts and RJO's lower-margin balances); float income grew 51 % while the float grew 108 %.

Exhibit 8 — Management's rate sensitivity: net income per 100 bp parallel move in short rates

USD m of annual net income, as stated on each call



Source: Earnings calls Q4 FY2023–Q3 FY2026 (CFO); 10-Q Q3 FY2026 p.74 (25 bp = USD 11.7m).

Takeaway: Sensitivity tripled after RJO; swaps (USD 2.55bn at 3.51 %) cover about a third of the "no-sharing" half of the float.

So what for the valuation. Float income is $\approx 15\%$ of NOR and almost all margin: the net yield assumption (2.85 % FY2027 after the September 2026 Fed hike, 2.85 % after) is worth $\pm 8\%$ of value per ± 0.5 pp and sits in G5.

B · Industry structure and value chain

Clearing is a scale business with regulatory capital as the entry ticket. After MF Global (2011) and Peregrine (2012) the number of non-bank US FCMs fell from 225 to six, and banks have since rationed clearing capacity through return-on-capital minimums [M, conference Aug 2024; Q3 FY26 call]. StoneX and Marex are the two consolidators outside the banks; O'Connor called Marex's strategy a copy and said there is "more than enough room for two of us" [M, Aug 2024].

Exhibit 9 — Industry structure: where StoneX sits

as stated

Layer	Fact	Source
US FCMs (non-bank)	225 (2007) → 6 (2024); StoneX the largest after RJO, eighth overall	Midwest IDEAS Aug 2024 (O'Connor); Q1 FY26 call (Smith)
Bank-owned FCMs	$\approx 80\% \rightarrow \approx 60\%$ of the market, "going to 50 %"; extra capital > USD 7bn for clearing	Conference Aug 2024; Q2 FY24 call (O'Connor)
Required segregated and secured assets, StoneX US FCMs	USD 7.4bn (StoneX Financial) + USD 6.3bn (RJO) at 30 Sep 2025	10-K FY25 p.8
Exchanges and CCPs	StoneX connects to > 40 derivatives exchanges; LME Category One ring-dealing member	10-K FY25 p.4–7
Retail FX/CFD	FOREX.com, City Index (rebranded StoneX Trading, Sep 2026); StoneX is counterparty	10-K FY25 p.9; Fiscal.ai news [S]
Cross-border payments	≈ 375 correspondent banks, 140 currencies; ≈ 100 financial institutions as clients	10-K FY25 p.10

Source: StoneX 10-K FY2025; earnings calls and the Midwest IDEAS conference (Aug 2024); Fiscal.ai news (secondary). CFTC FCM financial data (Jul 2026) in 01_Sources/IND.

Takeaway: The competitive set is shrinking and capital-gated; StoneX gains share as banks retreat, but prices (RPC, RPM) are set by large institutional clients.

Exhibit 10 — Value chain: who captures what in a cleared trade

USD m where reported

Layer	What it earns	StoneX evidence
Exchange / clearing house	Transaction and clearing fees	Passed through: clearing expense USD 429.6m in 9M FY26
Introducing broker	Share of commission	IB commissions USD 283.7m in 9M FY26 (RJO network ≈ 350 IBs)
FCM / broker (StoneX)	Net commission, spread, float yield, financing	NOR USD 2,273m in 9M FY26; pre-tax 25 % of NOR
Client	Pays commissions and spreads; earns (part of) interest on balances	⅓ of balances pure spread, ⅓ partial sharing, ⅓ no interest paid [M, Q3 FY24]

Source: 10-Q Q3 FY2026 p.4 (income statement); Q3 FY24 and Q3 FY26 calls.

Takeaway: StoneX keeps the net spread after exchanges and introducing brokers; the float spread is the layer with no pass-through, which is why rates matter so much.

Exhibit 11 — US futures commission merchants by customer funds held

USD bn; segregated (4d(a)(2)) plus Part 30 secured funds; share of all FCMs

FCM	Dec 2025	Share	Jul 2026	Share
J.P. Morgan Securities	77.7	18.73 %	73.9	16.11 %
Goldman Sachs & Co.	48.0	11.58 %	53.7	11.70 %
BofA Securities	38.5	9.29 %	45.0	9.82 %
Morgan Stanley & Co.	42.1	10.15 %	44.8	9.76 %
SG Americas Securities	31.4	7.58 %	35.0	7.63 %
Barclays Capital	27.2	6.55 %	31.4	6.85 %
Citigroup Global Markets	26.2	6.31 %	29.7	6.47 %
Mizuho Securities USA	8.7	2.11 %	14.6	3.18 %
StoneX (StoneX Financial + RJ O'Brien)	12.8	3.09 %	14.2	3.09 %
UBS Securities	10.4	2.51 %	12.1	2.64 %
BNP Paribas Securities	10.3	2.47 %	12.0	2.62 %
Interactive Brokers	10.7	2.58 %	11.8	2.57 %
Marex Capital Markets	9.2	2.21 %	11.3	2.45 %
All FCMs	414.6	100 %	458.9	100 %

Source: CFTC Financial Data for FCMs, 31 Dec 2025 and 31 Jul 2026 (01_Sources/IND); Billen Capital Research calculation (StoneX = StoneX Financial + RJ O'Brien & Associates; Totals row excluded).

Takeaway: StoneX holds ≈ 3.1 % of US customer futures funds — ninth, behind seven global banks and Mizuho — and its share was flat from December to July while Marex gained 0.2 pp: the RJO float is growing with the market, not taking share.

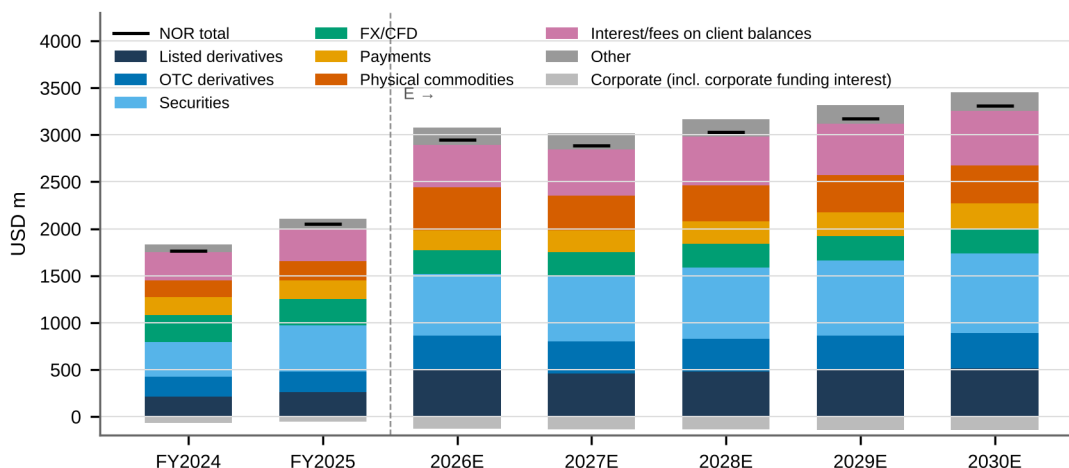
So what for the valuation. Consolidation supports volume and float growth in our base (4–8 % a year); it does not support price increases, so we hold NOR per contract and per million flat in nominal terms. The CFTC data show market-rate float growth, not share gains — consistent with the base, not the bull case.

C · Revenue drivers by product line

Every product line is forecast as volume × price in NOR terms [BCR est.]. We use NOR per unit, not the printed gross rates (RPC, RPM), because the printed rates are before clearing fees and introducing-broker commissions; the derived NOR rates are stable where the printed ones swing with mix. The base keeps every NOR rate flat in nominal terms after FY2027 (a real decline of $\approx 2\%$ a year), except payments (-2% a year, management's own expectation for XPay mix) [M, Q3 FY26 call].

Exhibit 12 — NOR by product line, FY2024 – FY2030E

USD m; corporate line negative; FY2026E = 9M reported + Q4 BCR estimate

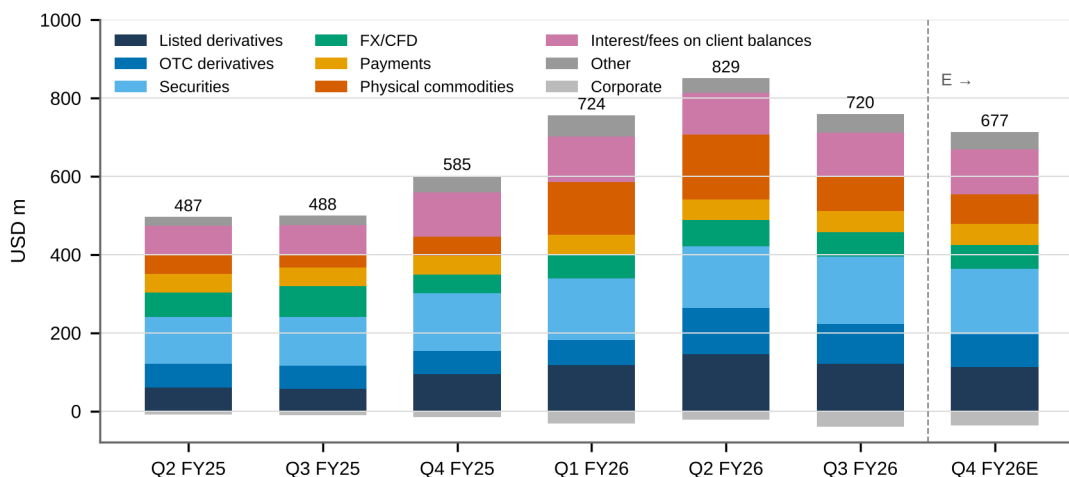


Source: Earnings releases Q4 FY2025 and Q3 FY2026; Billen Capital Research estimates (engine_SNEX base).

Takeaway: FY2026 is lifted by physical (USD 462m) and OTC (USD 368m); the base gives back $\approx$ USD 90m and USD 30m of that in FY2027, while securities, payments and the float keep growing.

Exhibit 13 — Quarterly NOR by product line, Q2 FY2025 – Q4 FY2026E

USD m; totals above bars

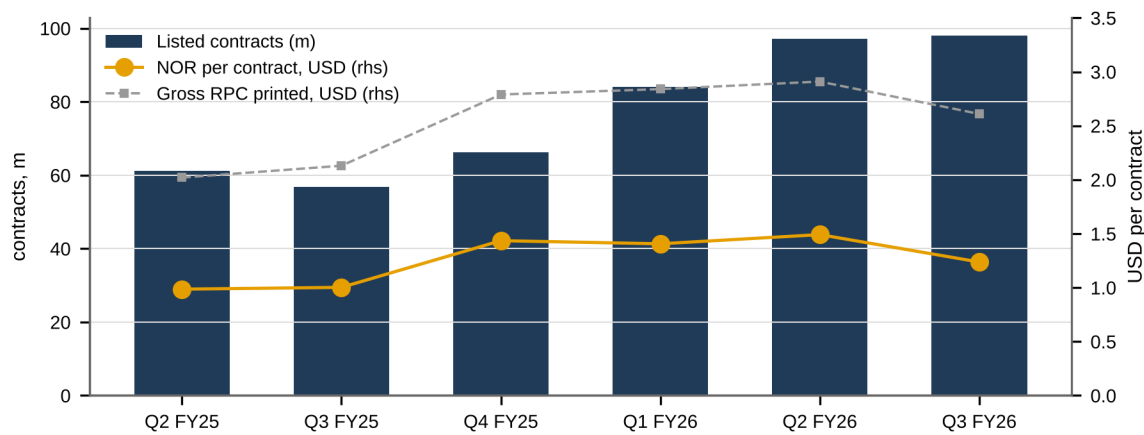


Source: Earnings releases Q2 FY2025–Q3 FY2026; Billen Capital Research estimate for Q4 FY2026 (engine_SNEX.P.q4).

Takeaway: Physical commodities swung from USD 33m (Q3 FY25) to USD 165m (Q2 FY26) and back to USD 87m: the single largest source of FY2026 upside, and the least repeatable.

Exhibit 14 — Listed derivatives: contracts and revenue per contract by quarter

contracts in millions; USD per contract (NOR basis and printed gross RPC)

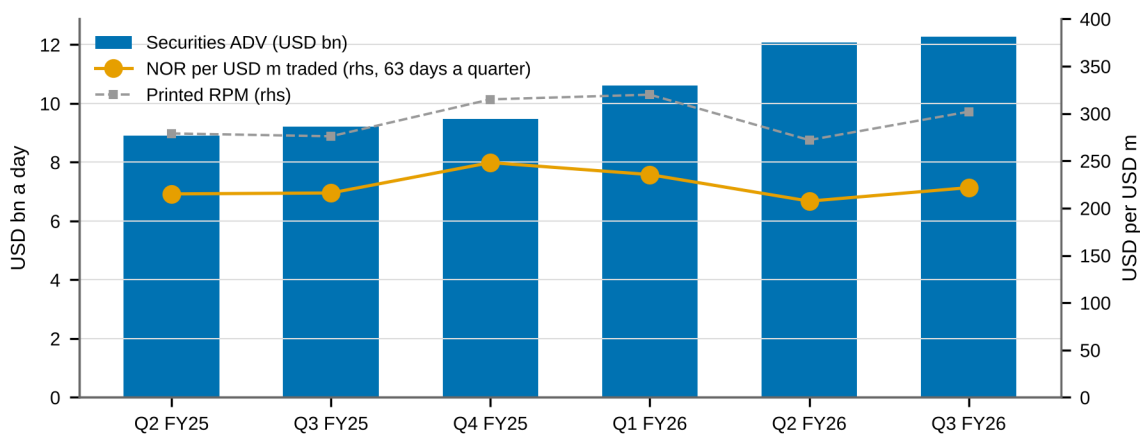


Source: Earnings releases Q2 FY2025–Q3 FY2026 (key operating metrics and product NOR); Billen Capital Research calculation.

Takeaway: Contract volume rose 72 % year on year in Q3 FY26 with RJO, which also lifted the institutional rate per contract [M, Q4 FY25 call]; NOR per contract fell from USD 1.49 to 1.24 in Q3 as volatility eased — our FY2027 assumption is 1.25.

Exhibit 15 — Securities: average daily volume and NOR per USD million traded

USD bn a day; USD per USD m (63 trading days a quarter)



Source: Earnings releases Q2 FY2025–Q3 FY2026; Billen Capital Research calculation.

Takeaway: Securities is the steadiest growth line: ADV +33 % in a year at a stable NOR rate of $\approx$ USD 220 per million — the base grows ADV 7 % a year, slowing.

Exhibit 16 — Volume $\times$ price by line: history and base forecast

volumes and NOR rates as defined; NOR USD m

Line	Driver	FY2025	9M FY2026	FY2027E	FY2030E
Listed derivatives	contracts (m) $\times$ NOR per contract (USD)	237.4 $\times$ 1.10	279.2 $\times$ 1.38 (9M)	370.0 $\times$ 1.25	412.5 $\times$ 1.25
OTC derivatives	contracts (m) $\times$ NOR per contract	3.76 $\times$ 57.0	4.44 $\times$ 64.0 (9M)	5.60 $\times$ 60.0	6.24 $\times$ 60.0
Securities	ADV (USD bn) $\times$ NOR per USD m	9.09 $\times$ 217	11.64 $\times$ 221	12.60 $\times$ 222	15.20 $\times$ 222
FX/CFD	ADV (USD bn) $\times$ NOR per USD m	11.40 $\times$ 96	11.31 $\times$ 89	10.80 $\times$ 92	11.41 $\times$ 92
Payments	ADV (USD m) $\times$ NOR per USD m	80 $\times$ 9,802	94 $\times$ 8,955	100 $\times$ 9,000	124 $\times$ 8,471
Physical commodities	level (USD m)	208.7	387.4 (9M)	370.0	404.3
Client float	avg float (USD bn) $\times$ net yield	9.02 $\times$ 3.75 %	15.28 $\times$ 2.92 %	17.30 $\times$ 2.85 %	20.33 $\times$ 2.85 %
Other / Corporate	level (USD m)	115.2 / -56.6	140.1 / -92.7 (9M)	175.0 / -135.0	202.6 / -143.3
NOR		2,052.8	2,273.2 (9M)	2,883.6	3,312.4

Source: Earnings releases and 10-K FY2025 (key operating metrics; NOR by product); Billen Capital Research estimates (engine_SNEX). NOR rates derived as product NOR $\div$ volume.

Takeaway: The base FY2027 is a normalisation of three lines, not a cut across the board: NOR falls 2.3 % while the float and securities volumes keep growing.

So what for the valuation. The FY2027 levels of physical (USD 370m), OTC (5.6m contracts) and listed (370m contracts) carry the normalisation; together they are the volatility-regime sensitivity of ± 16 % in G5.

C4 · Unit economics

The unit of analysis for the listed business is the contract. A contract cleared through StoneX earns a gross rate of $\approx$ USD 2.1–2.9, of which roughly half goes to exchange clearing fees and introducing brokers; StoneX keeps $\approx$ USD 1.0–1.4 of NOR, and then pays $\approx$ 30 % of that as variable compensation. The incremental contract therefore drops $\approx$ 70 % of its NOR to pre-tax profit until fixed costs step up — which is why RJO's volume was immediately accretive [R, ER; calc.].

Exhibit 17 — Unit economics of listed derivatives

as stated; FY2020, FY2022, FY2024, FY2025, FY2026E, FY2027E

Measure	FY2020	FY2022	FY2024	FY2025	FY2026E	FY2027E
Listed contracts (m)	154.7	160.6	214.8	237.4	371.2E	370.0E
Gross RPC, printed (USD)	1.98	2.53	2.09	2.26	2.79 (9M)	—
NOR per contract (USD)	—	—	1.01	1.10	1.34E	1.25E
Clearing and IB cost per contract (USD)	—	—	1.08	1.16	—	—
Variable compensation / NOR (group)	34.2 %	32.4 %	28.7 %	29.6 %	31.1 %E	30.5 %E

Source: 10-K FY2020–25 Item 7 (contracts, RPC); earnings releases (product NOR); Billen Capital Research estimates.

Takeaway: NOR per contract is the economic rate: it rose to USD 1.38 in 9M FY26 on RJO mix and volatility and is the first thing to fall when volatility eases.

Exhibit 18 — Client economics by type (rough)

USD; FY2025

	Commercial/institutional	Retail (FX/CFD)	Payments
NOR per client a year (USD)	$\approx$ 19,726	$\approx$ 693	$\approx$ 1,976k
Client count (10-K FY25)	> 80,000	> 400,000 accounts	$\approx$ 100 FIs (plus corporates)
Acquisition cost, churn, life	not disclosed	not disclosed	not disclosed
What keeps them	Clearing relationship, margin financing, multi-product	Platform; price (RPM) is volatile	Correspondent network, 140 currencies

Source: 10-K FY2025 p.4, 9–10 (client counts are "more than"/"about"); Billen Capital Research calculation.

Takeaway: StoneX does not disclose churn or acquisition cost; the economics are visible only per unit of volume and per dollar of float.

So what for the valuation. Incremental contracts and float carry 70 % pre-tax margins before fixed costs; that operating leverage is why the base margin holds at 22–23 % despite flat unit prices.

C5 · Growth initiative register

Exhibit 19 — Growth initiatives and what the base credits

USD m of FY2029 NOR credited beyond base volume growth

Initiative	Stage	Evidence	Credited
RJO revenue synergies (cross-sell OTC, FX, metals)	Pipeline	Anecdotal; no target given in five calls	0
Prime services and correspondent clearing	In operation	> USD 16bn balances, $\approx$ USD 140m NOR LTM, 60 %+ CAGR	in base growth
XPay / payments	In operation	ADV record USD 96m (+20 %); RPM falling by design	in base growth
Self-directed multi-asset platform	Aspiration	No update since Q3 FY25	0
Banco Travelex (Brazil FX bank)	Signed 12 Aug 2026	Regulatory approval pending; price not published	0
Physical: NY vault, AMG (feed), Integra (coffee)	Closed Aug–Oct 2026	Prices not published	0
StoneX Digital (EDX Markets, Tokenet)	Partnerships	No revenue disclosed	0

Source: Earnings calls Q4 FY2023–Q3 FY2026; Fiscal.ai news (Aug–Oct 2026, secondary); Billen Capital Research.

Takeaway: Nothing is credited beyond base volume growth of 4–8 % a year; revenue synergies, the multi-asset platform and Brazil are upside that sits only in bull and blue-sky.

So what for the valuation. 0 % of the target price rests on uncontracted initiatives; the dependency test (Growth initiatives tab) is not triggered.

D · Competitive landscape and moat

StoneX's moat is **scale under a regulatory capital constraint, plus breadth**. A new FCM needs capital, segregation systems, exchange memberships and risk management before it earns a dollar; an existing one gets cheaper per contract as volume rises. Breadth matters because commercial clients buy hedging, clearing, financing, physical logistics and payments together. The weakness is pricing: large institutions negotiate rates down, retail FX prices move with volatility, and the float spread is set by the Fed. The moat protects volume and float, not price.

Exhibit 20 — Five forces, scored 1 (weak) to 5 (strong force against the company)

score; evidence

Force	Score	Evidence	Source
Rivalry among FCMs and brokers	3	Six non-bank FCMs left; Marex the closest copy; banks ration capacity but still clear the largest clients	Q3 FY26 call; Aug 2024 conference
Buyer power (institutional clients)	4	Institutional RPC -15–17 % y/y in FY2024 ("very large ETFs, funds... demanding on the commission side")	Q3–Q4 FY24 calls (O'Connor)
Supplier power (exchanges, CCPs)	3	Clearing fees passed through; exchanges set margin and default-fund rules	10-K FY25 risk factors
Threat of entry	1	Regulatory capital, segregation rules, exchange memberships, 40+ exchange connections; no new non-bank FCM of scale since 2012	10-K FY25 p.13–18
Substitutes	2	Self-clearing by the largest traders; retail apps for FX/CFD (price competition in RPM)	Transcripts

Source: StoneX 10-K FY2025; earnings calls FY2024–26; Billen Capital Research assessment.

Takeaway: Entry is the force StoneX is best protected from; buyer power is the one that caps price — consistent with flat NOR rates in our base.

Exhibit 21 — Peer valuation and returns

USD m; multiples on LTM; ROTE = ROE × book / tangible book

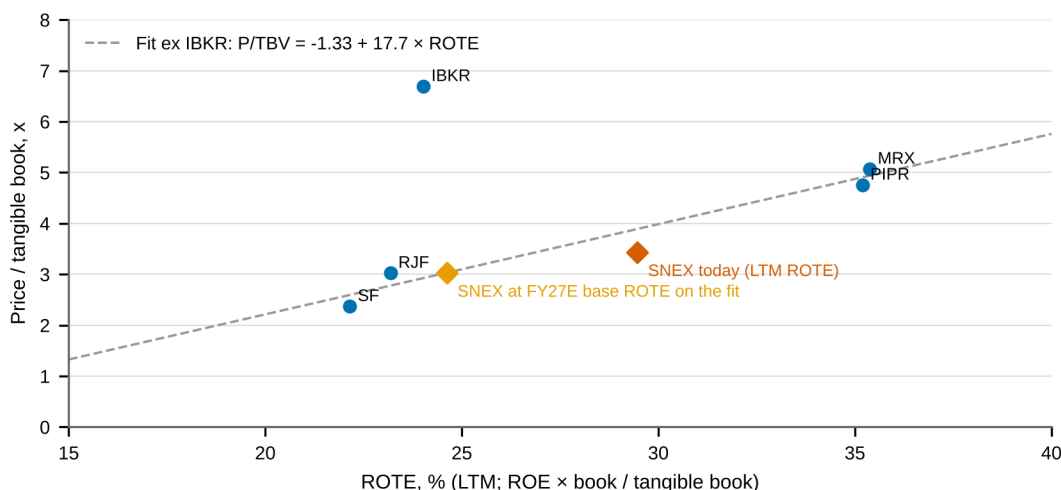
Company	Ticker	Market cap	P/E	P/B	ROE	ROTE	P/TBV
StoneX Group	SNEX	7,249	14.3x	2.5x	21.9 %	29.5 %	3.44x
Marex Group	MRX	5,149	13.2x	3.8x	26.2 %	35.4 %	5.07x
Interactive Brokers	IBKR	39,508	34.9x	6.7x	24.0 %	24.0 %	6.69x
Virtu Financial	VIRT	5,105	9.6x	2.7x	53.6 %	170.5 %	8.69x
Stifel Financial	SF	10,570	12.5x	1.8x	16.4 %	22.1 %	2.37x
Raymond James	RJF	30,509	13.8x	2.4x	18.4 %	23.2 %	3.02x
Piper Sandler	PIPR	4,550	14.9x	3.3x	24.5 %	35.2 %	4.75x
BGC Group	BGC	5,340	27.4x	4.8x	15.9 %	—	—
Jefferies Financial	JEF	10,236	12.2x	—	16.9 %	—	—

Source: Fiscal.ai company_ratios (latest; reports to 30 Jun 2026, JEF 31 Aug 2026), retrieved 9 Oct 2026; Billen Capital Research calculation of ROTE and P/TBV.

Takeaway: StoneX trades in line with the brokers on P/E (14.3x LTM) but on LTM earnings that include the FY2026 peak; on P/TBV it sits between the wealth brokers (2.4–3.0x) and Marex (5.1x).

Exhibit 22 — Price to tangible book against ROTE: peers and StoneX

x; % (LTM)



Source: Fiscal.ai company_ratios (9 Oct 2026); Billen Capital Research calculation and regression (Marex, Stifel, Raymond James, Piper Sandler; IBKR shown, excluded from the fit as a platform outlier).

Takeaway: On the peer line StoneX's LTM ROTE of 29 % would justify $\approx 3.9x$, but at our FY2027 ROTE of 25 % the line gives $3.0x$ — USD 53.02 per share.

So what for the valuation. The moat justifies ROTE well above K_e (our base keeps 24–25 % to 2035) but not price power; we use the industry fade $f = 0.20$ in the base and give $f = 0.15 / 0.10$ only to bull and blue-sky. A lower base f would add $\leq 7\%$ (band $f = 0$).

E · Products, regulation and disruption

The structural risks to StoneX are not technology substitutes but the two regimes it depends on — interest rates and volatility — and the rules that set capital and margin. Regulation has mostly helped: higher bank capital charges on clearing pushed clients to non-bank FCMs. Retail CFD rules cap leverage and therefore the FX/CFD line. Tokenised collateral and 24/7 venues are a long-dated threat to the margin-financing role of an FCM; StoneX is participating rather than resisting.

Exhibit 23 — Disruption and regulatory exposure

qualitative; value effects from G5 where measurable

Driver	Mechanism	Evidence	Exposure
Rates	Float yield moves with short rates (Fed hiked 16 Sep 2026 to 3.75–4.00 %)	USD 46.9m NI per 100 bp; swaps 1.5 yr	High (both ways)
Volatility	Low volatility cuts listed, OTC, physical, FX/CFD	$\pm 20\%$ in those lines = $\pm 16\%$ of value	High
Regulation: capital and clearing	Basel endgame / SLR on bank FCMs (supports StoneX); CFTC margin and segregation rules	Bank retreat continued in FY2026 [M]	Medium (+)
Regulation: retail CFD	Leverage caps (ESMA, FCA); FX/CFD 13.5 % of NOR FY2025	RPM 85–185 history	Medium
Tokenisation and 24/7 trading	Digital-asset venues and tokenised collateral bypass FCM margin	StoneX Digital on EDX and Tokenet (Aug 2026)	Low (long-dated)
AI in operations	Automated OTC swap matching; faster builds (2–4x)	[M, Q2–Q3 FY26]; no cost target	Low (+)
Counterparty and clearing-house default	Mutualised default funds; client deficits in extreme moves	Bad debts USD 12.6m 9M FY26; FY2017 coal 47.0	Low probability, high impact

Source: StoneX 10-K FY2025 risk factors (p.21–33); earnings calls; Fiscal.ai news (secondary); Billen Capital Research.

Takeaway: Rates and volatility dominate; regulation is a net tailwind for a non-bank FCM; tokenisation is an option, not yet a threat.

So what for the valuation. No disruption haircut is applied to the base; rates and volatility are carried explicitly in the scenarios (bear: float yield 2.0–2.4 %; severe: 1.4–1.8 %).

F · Financial analysis

Ten years show three regimes: FY2016–19 (zero rates, NOR USD 0.4–0.7bn, ROE 1–16 %), FY2020–22 (GAIN, volatility, rising rates; ROE 14–25 %) and FY2023–26 (high rates, RJO; ROE 15–23 %). Pre-tax margins of 17–20 % are the norm; only FY2020 (with a bargain-purchase gain on GAIN) and 9M FY2026 exceed 23 %.

Exhibit 24 — Ten-year financial history

USD m; ROE on average equity; ROTE on average tangible equity

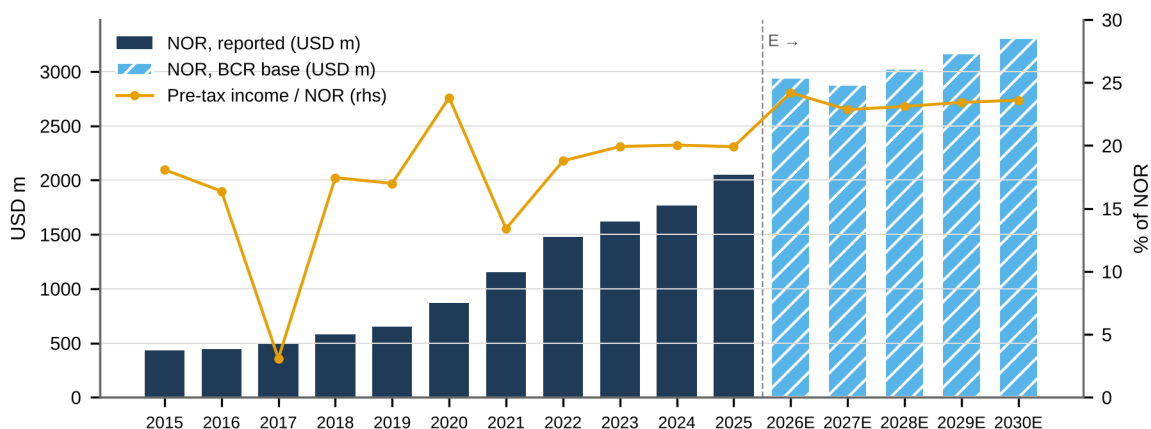
FY	NOR	Growth	Pre-tax	Margin	Net income	ROE	ROTE	Tangible equity	TBV/NOR
2016	443.9	2.8 %	72.7	16.4 %	54.7	13.2 %	14.1 %	377.2	0.85
2017	492.6	11.0 %	15.2	3.1 %	6.4	1.4 %	1.7 %	390.5	0.79
2018	581.6	18.1 %	101.5	17.5 %	55.5	11.6 %	13.3 %	445.5	0.77
2019	653.2	12.3 %	111.0	17.0 %	85.1	15.5 %	17.5 %	526.3	0.81
2020	868.0	32.9 %	206.7	23.8 %	169.6	24.9 %	28.6 %	658.0	0.76
2021	1,150.0	32.5 %	154.1	13.4 %	116.3	13.9 %	15.9 %	803.2	0.70
2022	1,475.9	28.3 %	277.2	18.8 %	207.1	21.0 %	23.2 %	983.9	0.67
2023	1,621.0	9.8 %	323.0	19.9 %	238.5	19.5 %	20.9 %	1,296.7	0.80
2024	1,767.2	9.0 %	354.1	20.0 %	260.8	16.9 %	17.8 %	1,628.5	0.92
2025	2,052.8	16.2 %	408.8	19.9 %	305.9	15.0 %	18.7 %	1,641.2	0.80
9M FY2026	2,273.2	+54.9 %	571.8	25.2 %	441.2	22.6 % ann.	≈ 30 % ann.	2,109.0	0.74 (LTM)

Source: 10-K FY2017–FY2025 (printed values per year, hist10y.json with page references); 10-Q Q3 FY2026. Billen Capital Research calculation of ratios.

Takeaway: NOR grew 17 % a year with acquisitions and rates, but the pre-tax margin held at 17–20 % in normal years: FY2026's 25 % is the outlier our base does not carry forward.

Exhibit 25 — NOR and pre-tax margin, FY2015 – FY2030E

USD m; pre-tax income ÷ NOR, %

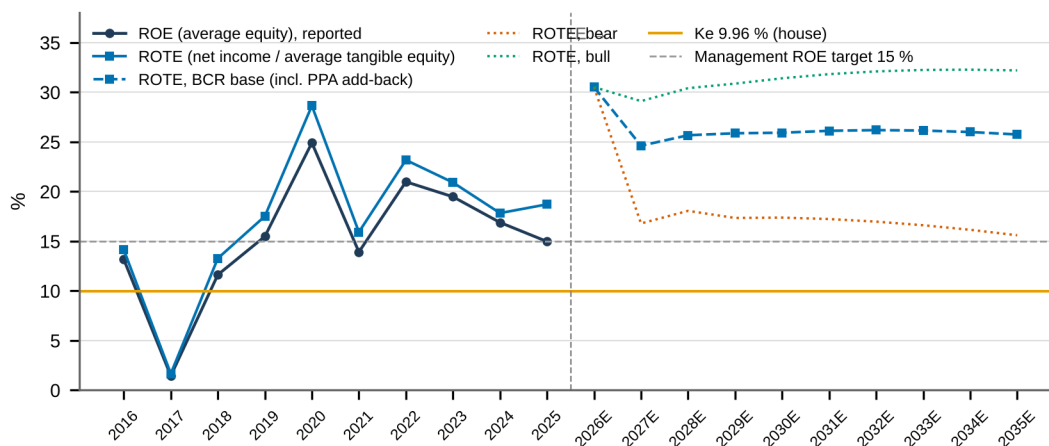


Source: 10-K FY2015–25; Billen Capital Research estimates.

Takeaway: The base keeps the margin at 22.9 %–23.6 % — above every pre-FY2026 year except FY2020, below 9M FY26.

Exhibit 26 — ROE and ROTE against the cost of equity, FY2016 – FY2035E

%

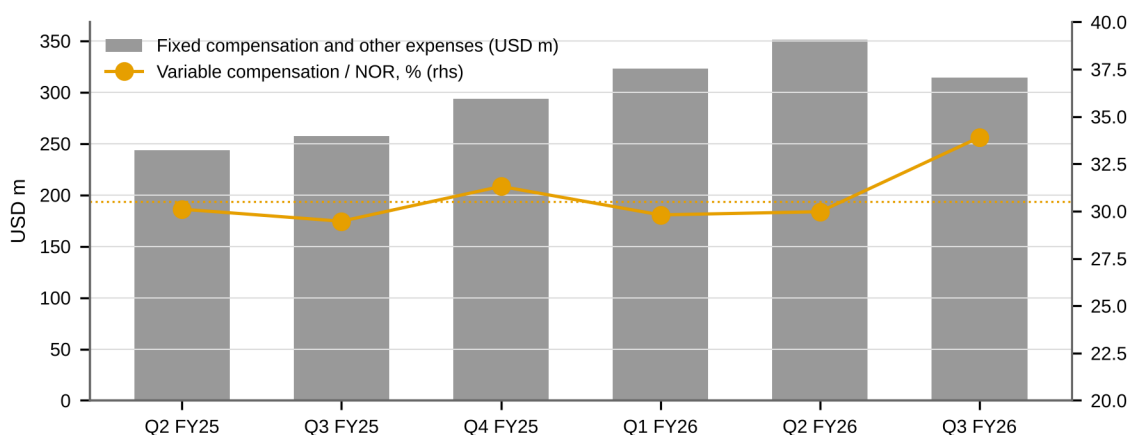


Source: 10-K FY2016–25; Billen Capital Research estimates (base, bear, bull).

Takeaway: StoneX has earned above Ke in nine of ten years; the base keeps ROTE at $\approx 25\%$, the bear case drifts towards management's 15 % ROE target.

Exhibit 27 — Cost structure by quarter: fixed costs and variable compensation ratio

USD m; variable compensation % of NOR (dotted: base 30.5 %)



Source: Earnings releases Q2 FY2025–Q3 FY2026.

Takeaway: Fixed costs stepped up 29 % with RJO (Q2 FY25 → Q3 FY26) and variable pay reached 33.9 % of NOR in Q3 FY26; the margin of the peak is partly paid away.

So what for the valuation. History supports a 20 % margin in normal years and 25 % only in exceptional ones; our base at 22–23 % credits RJO's scale. Every ± 1 pp of margin is $\pm 4.5\%$ of value (variable pay in G5).

F2 · Forensic accounting and quality of earnings

Altman Z and Beneish are not meaningful for a balance sheet of segregated client funds and repos, so the forensic work is a reading of the auditor's report, the one-offs and the tax line. The adverse ICFR opinion for FY2025 is the most serious item; it concerns balance-sheet netting, not earnings, and the acquired businesses (USD 7.6bn of assets) were excluded from the assessment. We score earnings quality 6 of 10.

Exhibit 28 — Quality-of-earnings register

as stated

Item	Finding	Source	Effect on our numbers
Internal control over financial reporting	Adverse opinion at 30 Sep 2025: material weakness in netting repo/reverse-repo balances by counterparty (balance sheet and cash flow)	10-K FY25 p.32, 74	Presentation, not earnings; disclosure controls effective at 30 Jun 2026
Critical audit matter 1	Unrealised gains and losses on OTC derivatives market-making (fair-value inputs)	10-K FY25 p.72–73	Earnings volatility; level 3 elements
Critical audit matter 2	Fair value of RJO client-base intangible USD 407.7m (attrition, discount rate); PPA still preliminary	10-K FY25 p.72–73; 10-Q p.32	Amortisation USD 27–29m a year added back in FCFE
One-off items in NOR/costs FY2026	MTM loss on investment portfolio USD 11.7m (Q2); insurance recovery USD 12.5m (Q3); BTIG settlement USD 1.9m	Q2–Q3 FY26 calls	Net ≈ 0; Q3 costs flattered by 12.5
Bad debts	USD 12.6m in 9M FY26 (metals 8.0); FY2017 coal 47.0	10-Q p.48; 10-K FY17	Cyclical credit cost; severe case carries 150
Tax	ETR 20 % in Q3 FY26 (stock-comp windfall), 23 % 9M vs 25–26 % FY23–25	10-Q p.30, 48	Base 24 %; ±2 pp = ±2.7 % of value
Share count	Treasury shares 6,230,076 at both dates in 10-Q vs 2.25 × 2,780,923 = 6,257,077	10-Q p.3; 10-K p.76	Immaterial (0.02 %)

Source: KPMG report in 10-K FY2025; 10-Q Q3 FY2026; earnings calls; Billen Capital Research.

Takeaway: The FY2026 run-rate contains offsetting one-offs and a low tax rate; none changes the normalisation view, but the ICFR weakness is a monitoring item for the FY2026 10-K.

So what for the valuation. No earnings adjustment beyond the tax normalisation (23 % → 24 %); the ICFR item enters the catalyst calendar (10-K FY2026, ≈ 30 Nov 2026).

F3 · Reported to economic earnings**Exhibit 29 — From LTM reported pre-tax income to a volatility-normal level**

USD m

Step	USD m
Pre-tax income, LTM (Q4 FY25 + 9M FY26)	681.0
+ RJO deal costs in Q4 FY25 (bridge 1.3, IB fee 8.0)	9.3
– Insurance recovery Q3 FY26	–12.5
+ MTM loss on investment portfolio Q2 FY26	11.7
= Normalised pre-tax income, LTM	689.5
– Physical commodities above FY2025 run-rate (LTM 437.1 – 208.7), after 30.5 % variable pay	–158.7
– OTC above FY2025 (342.7 – 214.3), after variable pay	–89.2
= Pre-tax at FY2025 volatility, LTM scale	441.6
Our FY2027E pre-tax (base)	659.1

Source: Earnings releases Q4 FY2025–Q3 FY2026; Q2–Q4 FY26 calls; Billen Capital Research calculation (variable compensation at the base 30.5 %).

Takeaway: Strip out FY2026's physical and OTC windfall and LTM pre-tax income falls to ≈ USD 440m; our FY2027 base of USD 659m sits between that and the reported LTM of USD 681m.

So what for the valuation. The base FY2027 keeps about 80 % of the volatility windfall over FY2025 levels (physical 370 vs 209, OTC 336 vs 214) — it is not a bear case.

G · Capital allocation and balance sheet

All capital is retained and redeployed: into regulatory capital for growth and into acquisitions, which management screens for a 36-month goodwill payback [M]. The RJO deal (USD 942m, funded by USD 625m of 2032 notes and USD 300m of stock) was the largest in the company's history and roughly doubled the client float; it added USD 574m of goodwill and intangibles, so tangible equity barely grew in FY2025 (USD 1,628m → 1,641m) while NOR jumped [R, 10-K FY25 p.122–123].

Exhibit 30 — M&A scorecard

USD m

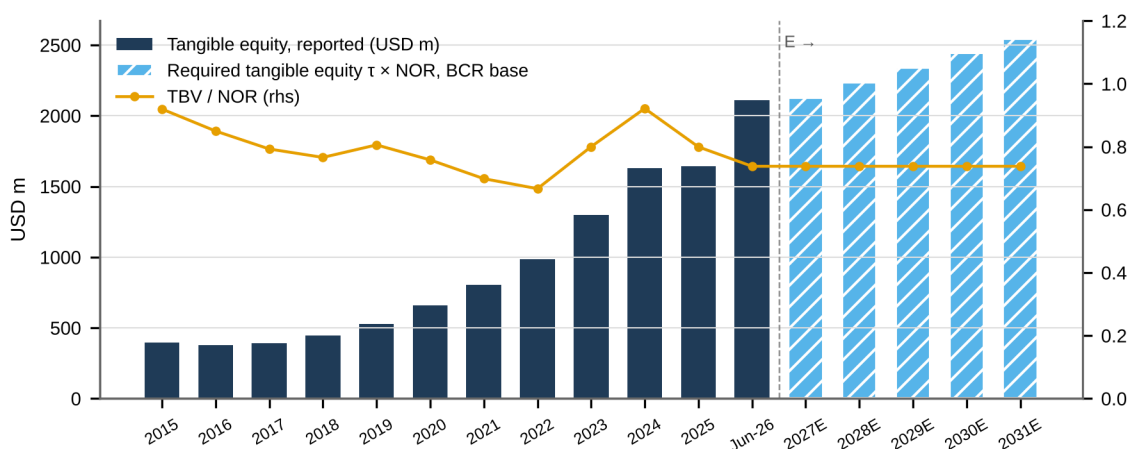
Deal	Closed	Price	Contribution	Verdict
GAIN Capital (retail FX)	Aug 2020	Cash; bargain purchase	Retail FX/CFD platform; FX/CFD NOR USD 277m FY25	Accretive; volatile RPM
R.J. O'Brien (largest independent FCM)	31 Jul 2025	USD 942m (651.9 cash, 300.1 stock); goodwill 166.6, client intangibles 407.7	RJO NOR USD 78.8m in Q3 FY26; synergies USD 37–38m run-rate	Accretive from Q1 FY26 (EPS +1 % first quarter)
Benchmark (investment bank, research)	31 Jul 2025	USD 57.1m + contingent 25.3	"Other" line; FIG research launched Jun 2026	Too early
JBR (silver refining), Octo (Paris), Right Corp, TAG	FY2025	USD 8–21m each	Physical metals, debt advisory	Small
GEA, Intercam, Plantureux, WCS (banknotes)	FY2026	USD 2–22m each	Tuck-ins	Small
Banco Travelex, AMG, Integra	Aug–Oct 2026	Not published	Brazil FX, feed, coffee	Pending

Source: 10-K FY2025 p.122–125; 10-Q Q3 FY2026 p.31–32; earnings calls; Fiscal.ai news (secondary).

Takeaway: RJO is working on cost synergies (USD 37–38m of 50m) and volume; revenue synergies are unquantified after five calls of questions.

Exhibit 31 — Tangible equity and its ratio to NOR, FY2015 – FY2031E

USD m; TBV ÷ NOR



Source: 10-K FY2015–25; 10-Q Q3 FY2026; Billen Capital Research estimates ($\tau \times \text{NOR}$).

Takeaway: Tangible equity per dollar of NOR has ranged 0.67–0.92; the base holds it at 0.74, so FCFE is $\approx$ net income from FY2028 and the model needs no new equity.

So what for the valuation. Acquisitions after the balance date are assumed NPV-neutral (return = K_e) and outside the model; the capital intensity $\tau = 0.738$ is an assumption worth $\pm 2.7\%$ per ± 0.05 .

G2 · Financing, covenants and solvency stress

Exhibit 32 — Corporate debt and cash, 30 June 2026

USD m

Instrument	Amount	Rate	Maturity
Senior secured notes 7.875 % 2031	544.9 (550 nominal)	Fixed	1 Mar 2031; callable 103.938 from Mar 2027
Senior secured notes 6.875 % 2032	616.0 (625 nominal)	Fixed	15 Jul 2032
Lenders under loans (revolver USD 850m to Jun 2029 + operating lines)	660.7	SOFR + 2.0–3.0 %	SFI margin line USD 325m to 27 Oct 2026; others 2027–28
Corporate debt	1,821.6		
Cash and cash equivalents (not segregated)	2,194.3		largely in regulated subsidiaries

Source: 10-Q Q3 FY2026 p.3, 23–24; 10-K FY2025 p.106–107; indentures 2031 and 2032.

Takeaway: No corporate maturity before the revolver in June 2029; the near-term item is the renewal of the USD 325m margin line in October 2026.

Exhibit 33 — Covenants and headroom (2025 credit agreement)

USD m

Covenant	Level	Actual	Headroom
Tangible net worth $\geq 1,000 + 50\%$ of positive quarterly NI since Q3 FY25	$\approx 1,295$ [calc.]	2,109.0	+814 (39 %)
Funded debt / net worth $\leq 2.5x$	2.5x	0.64x	wide
Fixed charge coverage $\geq 2.0x$	2.0x	not printed	—
Net unencumbered liquid assets $\geq 1,000$	1,000	not printed	—

Source: Credit agreement (Restatement Agreement 3 Jun 2025) §8.11; 10-Q Q3 FY2026 p.23 (in compliance). The 23 Jun 2026 amendment is not in our sources.

Takeaway: Covenants are far from binding; the real constraint is regulatory capital in the subsidiaries.

Exhibit 34 — Severe-case stress on the tangible-net-worth covenant, by quarter

USD m; a USD 150m pre-tax credit loss in Q2 FY2027

Quarter	TBV	Covenant floor	Headroom
Q4 FY26	2,203	1,339	64.5 %
Q1 FY27	2,254	1,362	65.6 %
Q2 FY27	2,192	1,362	61.0 %
Q3 FY27	2,243	1,384	62.1 %
Q4 FY27	2,294	1,406	63.2 %
Q1 FY28	2,342	1,427	64.2 %

Source: Workbook Sources & uses rows 37–41 (engine_SNEX severe case); Billen Capital Research.

Takeaway: Even the severe case leaves $\approx 40\%$ headroom: StoneX's downside is an earnings and valuation problem, not a solvency problem.

So what for the valuation. No refinancing or covenant risk enters the valuation; the 2031 notes (7.875 %) are a refinancing option from March 2027 worth a few million of interest a year.

G3 · Per-share progression

Exhibit 35 — Per-share history (split-adjusted)

USD per share; shares in millions

FY	NOR per share	EPS (Börsdata)	Book value per share	Shares
2016	4.76	0.58	4.65	93.2
2017	5.29	0.06	4.83	93.1
2018	6.19	0.58	5.38	93.9
2019	6.89	0.88	6.26	94.9
2020	9.11	1.73	8.05	95.3
2021	13.06	1.28	10.27	88.0
2022	14.90	2.03	10.80	99.1
2023	16.04	2.28	13.65	101.0
2024	17.15	2.44	16.58	103.1
2025	19.24	2.76	22.28	106.7

Source: 10-K FY2016–25 (NOR); Börsdata/Morningstar (EPS, book value per share, split-adjusted share counts).

Takeaway: Per-share value has compounded with the business: NOR per share 16.8 % a year and book per share 19.0 % a year FY2016–25; the only material dilution was RJO's 3.09m shares ($\approx 6\%$).

So what for the valuation. No dilution beyond the diluted count (124.48m) is modelled; SBC (USD 49m FY2025) is a cost in earnings (HR-15).

G4 · Management: said versus delivered

Exhibit 36 — Management scorecard, Q4 FY2023 – Q3 FY2026

as stated on the calls

Commitment	Outcome	Verdict
15 % ROE "North Star" through the cycle	FY23 19.5 %, FY24 16.9 %, FY25 15.6 %; LTM 20.8 %	Delivered
Fixed costs +3–5 % / "flat... inflationary"	+9 % FY24, +14 % FY25 (incl. deals)	Missed
RJO close H2 2025 (USD 625m notes + USD 275m stock)	Closed 31 Jul 2025; notes "multiple times oversubscribed"	Delivered
RJO accretive to margins, EPS, ROE	EPS +1 % first quarter; accretive from Q1 FY26 (record volatility)	Delivered
RJO cost synergies USD 50m within 24 months	USD 37–38m run-rate at Q3 FY26; 50 "by end of Q1 FY27"	On track
RJO capital synergies ≥ USD 50m	USD 20m released (UK)	Partly
RJO revenue synergies "multiples of cost synergies"	No number after five calls of questions	Dropped
US FCM consolidation ≈ Q4 2026	Done in Q3 FY26 (= USD 13bn client assets)	Delivered early
Multi-asset retail platform ("like Interactive Brokers")	No update since Q3 FY25	Dropped
Variable compensation 29–30 % of NOR	26–30 % FY24; 33.9 % Q3 FY26	Drifting up

Source: Earnings calls Q4 FY2023–Q3 FY2026 and Midwest IDEAS conference (Aug 2024); 10-K/10-Q.

Takeaway: Management delivers on deals and ROE; it misses on cost promises and quietly drops revenue targets — which is why we do not credit RJO revenue synergies.

Incentives align with the ROE target: the annual bonus pays only on adjusted ROE (100 % at 15 %, 162 % at 20 %), and the LTIP accrues interest at the higher of the borrowing rate and ROE (capped at 15 %) [R, DEF 14A 2026 p.19–23]. A 15 % ROE on today's equity of USD 2.8bn is ≈ USD 430m of net income — below FY2027 consensus. Insiders sold ≈ USD 27m between July and September 2026 [S].

So what for the valuation. We give management credit for capital allocation (ROE above K_e in nine of ten years) but haircut cost guidance: base fixed costs grow 3.5–4.5 % a year, not "flat".

H0 · The Q3 FY2026 read-through

Q3 FY2026 (April-June) was the first quarter with RJO fully integrated into the US FCM and the first after the volatility peak. NOR fell 13 % from Q2 (USD 829m → 720m): physical -47 %, OTC -14 %, listed -16 %, while securities (+9 % q/q), payments and float income grew [R, ER Q3 FY26]. Variable compensation rose to 33.9 % of NOR. The shares fell 12.2 % on the day [Fiscal.ai].

Exhibit 37 — Q3 FY2026 and 9M FY2026 against the prior year

USD m unless stated

	Q3 FY26	Q3 FY25	y/y	9M FY26	9M FY25	y/y
NOR	719.7	488.3	+47 %	2,273.2	1,467.7	+55 %
Variable compensation	244.0	143.9	+70 %	708.4	423.9	+67 %
Fixed compensation and other expenses	314.2	257.5	+22 %	988.2	748.6	+32 %
Pre-tax income	159.8	85.6	+87 %	571.8	299.6	+91 %
Net income	127.9	63.4	+102 %	441.2	220.2	+100 %
Diluted EPS (USD)	1.00	0.54	+85 %	3.49	1.92	+82 %
Listed contracts (m) / NOR per contract (USD)	97.9 / 1.24	56.8 / 1.00		279.2 / 1.38	171.1 / 0.98	
Average float (USD bn) / net yield	16.19 / 2.77 %	7.77 / 3.81 %		15.28 / 2.92 % (avg of quarters)	7.84 / 3.84 %	

Source: 10-Q Q3 FY2026 p.4; earnings release Q3 FY2026 (key operating metrics); Billen Capital Research calculation of NOR rates and yields.

Takeaway: Year-on-year growth is mostly RJO and volatility; the quarter-on-quarter decline from Q2 is the first evidence that FY2026 was a peak.

So what for the valuation. Our Q4 FY2026 estimate (NOR USD 677m, EPS USD 0.88) is in line with consensus EPS of USD 0.86–0.88; the divergence starts in FY2027.

H1 · Market expectations and variant perception

What the price discounts (HR-13). At USD 60.10 the market cap is USD 7.48bn. Capitalising FY2027 consensus net income of USD 559m at our Ke gives a steady-state value of USD 45.09 per share: 25.0 % of the price is paid for value creation beyond that — modest for a company that has earned above Ke for a decade. The catch is the starting point: on our FY2027 (USD 501m) the PVGO share is 32.8 %, and our base path does not reach the price even with an infinite competitive advantage period ($f = 0$ gives USD 59.46). The price needs a higher level of earnings, not a longer duration.

Exhibit 38 — What the price discounts: steady-state value, PVGO and CAP

USD m unless stated

Measure	Value
Market cap (diluted, 8 Oct)	7,481
Steady-state value: FY2027 consensus NI 559 ÷ Ke	5,613 (USD 45.09)
PVGO share on FY2027 consensus (Fiscal.ai 559 / Koyfin 590)	25.0 % / 20.8 %
PVGO share on our FY2027 (NI 501)	32.8 %
PVGO share at Ke 9.27 % / 10.69 % (consensus 559)	19.4 % / 30.1 %
Implied CAP at the price (base path)	not reached: $f = 0$ gives USD 59.46
Implied CAP at 52-week low / our base value	0.8 / 16.0 years
CAP benchmark $\approx 10 + 1/f$ ($f = 0.20$)	15 years
Implied Ke at the price (base path, $f = 0.20$)	9.27 %

Source: Fiscal.ai and Koyfin consensus (2–9 Oct 2026); Billen Capital Research calculation (engine_SNEX: pvgo, implied_cap, reverse_ke).

Takeaway: The price is ≈ 25 % above the steady-state value of consensus earnings; the debate is the level of FY2027 earnings, not how long excess returns last.

The F1 brief (an independent reader with only the fact package, run on 9 October) reached the same place: "ingen ändlig CAP med konstant eller fallande överavkastning reproducerar kursen ... Marknaden prisar att R12-räntabiliteten — inklusive det exceptionella Q2 — är permanent". It framed the two decisive questions as (1) whether post-RJO earnings hold when rates and volatility normalise and (2) whether retained capital earns more than Ke; both are the questions this report answers. The brief also pointed out that consensus is two analysts and one target price (USD 66), so the market is not well anchored.

Exhibit 39 — Variant perception: consensus against our base

as stated

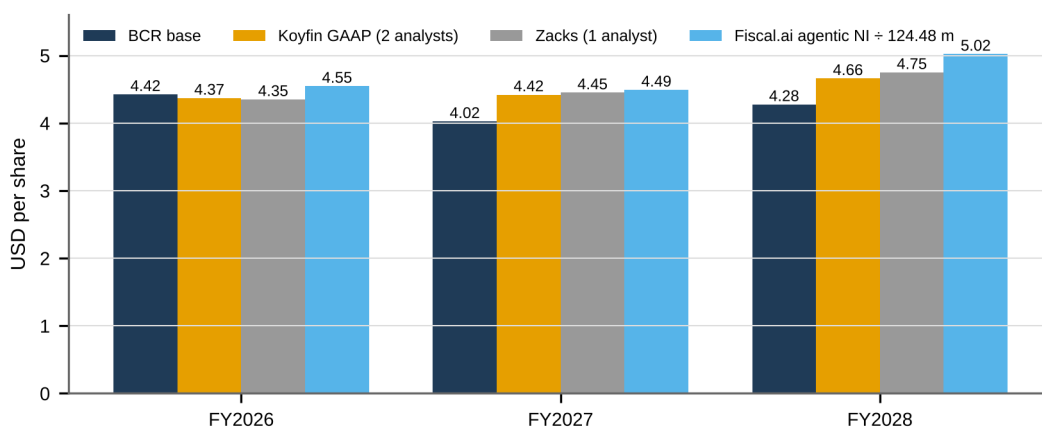
Driver	Consensus / priced	BCR base	Observable
FY2027 NOR	USD ≈ 3.0bn (FY2026 carried forward) [inferred from NI 559–590]	USD 2,884m	Q4 FY26 and Q1 FY27 NOR
FY2027 pre-tax margin	≈ 24–25 %	22.9 %	Pre-tax/NOR per quarter
FY2027 net income	USD 559–590m	USD 501m	FY2027 results
ROTE FY2027–35	≈ 28–30 % (LTM) [inferred]	24.6 % → 25.7 %	ROE per quarter
Growth after FY2027	4.5 % NOR a year (to justify the price)	4.0 %	Float, ADV, contracts

Source: Koyfin (9 Oct 2026), Fiscal.ai and Zacks consensus; Billen Capital Research estimates. NOR consensus does not exist; inferred from net income at the FY2026 margin.

Takeaway: Our variant view is a revision of expectations on one variable — the FY2027 level of NOR and margin — not a different view of the franchise.

Exhibit 40 — EPS: our base against consensus, FY2026 – FY2028

USD per share on 124.48m diluted shares



Source: Koyfin (GAAP EPS, 2 analysts), Zacks via Fiscal.ai (1 analyst), Fiscal.ai agentic consensus (net income); Billen Capital Research estimates.

Takeaway: We agree on FY2026 (USD 4.42); for FY2027 we are –9 % below consensus, because we normalise volatility and rates while consensus extrapolates.

So what for the valuation. The variant is testable within two quarters: if FY2027 NOR runs at ≥ USD 750m a quarter with a 24 % margin, consensus is right and our base moves towards the bull case.

H · Forecasts

The base forecast is built line by line (Section C) and costs are split into variable compensation (30.5 % of NOR, the top of guidance and below the 9M FY26 31.2 %) and fixed costs (USD 1,345m in FY2027, then +4.5 / 4.0 / 4.0 / 3.5 % a year). Tax is 24 %. FY2026 is nine reported months plus our Q4. Reported results, management guidance, consensus and our forecasts are kept in separate columns throughout.

Exhibit 41 — Base forecast: NOR by product line to net income, FCFE and ROTE

USD m unless stated; *FY2025 EPS 5.89 as printed ÷ 2.25 for the 2026 splits

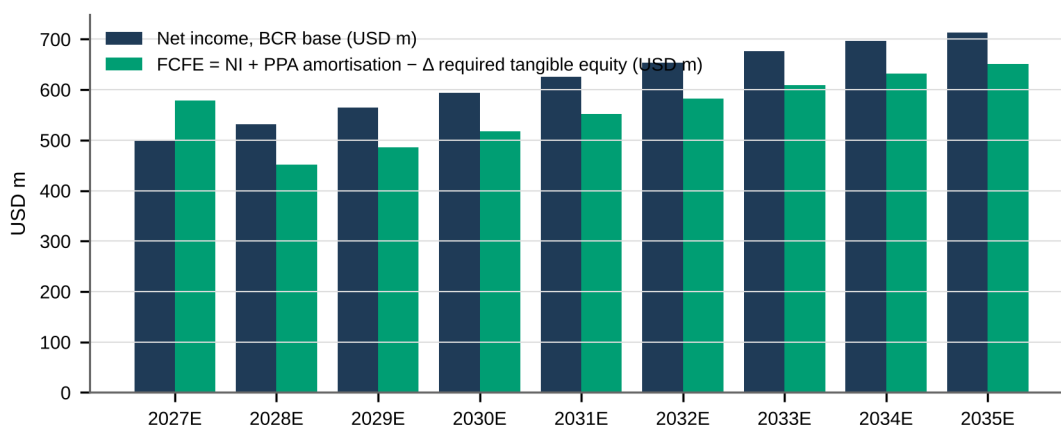
	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2035E
Listed derivatives	262.3	497.6	462.5	481.0	498.7	515.6	587.7
OTC derivatives	214.3	367.8	336.0	349.4	362.3	374.6	427.0
Securities	496.2	652.8	704.9	754.2	802.8	850.4	1,067.1
FX/CFD	277.1	250.2	250.4	255.4	260.1	264.5	282.5
Payments	197.6	214.1	226.8	240.0	252.6	264.3	309.4
Physical commodities	208.7	462.4	370.0	381.1	392.5	404.3	468.7
Interest/fees on client balances	338.0	449.1	493.1	522.6	551.5	579.5	704.4
Other	115.2	185.1	175.0	183.8	192.9	202.6	258.6
Corporate	-56.6	-128.7	-135.0	-137.7	-140.5	-143.3	-158.2
NOR	2,052.8	2,950.3	2,883.6	3,029.9	3,173.0	3,312.4	3,947.1
NOR growth	+16.2 %	43.7 %	-2.3 %	5.1 %	4.7 %	4.4 %	3.1 %
Variable compensation	-607.1	-918.3	-879.5	-924.1	-967.8	-1,010.3	-1,203.9
Fixed costs (incl. D&A, bad debts, SBC)	-1,042.4	-1,313.2	-1,345.0	-1,405.5	-1,461.7	-1,520.2	-1,805.5
Pre-tax income	408.8	714.0	659.1	700.3	743.5	781.9	937.7
Pre-tax / NOR	19.9 %	24.2 %	22.9 %	23.1 %	23.4 %	23.6 %	23.8 %
Net income	305.9	550.7	500.9	532.2	565.0	594.2	712.7
EPS (USD, 124.48m)	2.62*	4.42	4.02	4.28	4.54	4.77	5.73
FCFE	—	47.0 (Q4)	579.1	452.1	486.5	517.4	651.4
ROTE	18.7 %	30.5 %	24.6 %	25.7 %	25.9 %	25.9 %	25.7 %

Source: 10-K FY2025 and ER Q4 FY2025 (FY2025A); Billen Capital Research estimates (engine_SNEX base; workbook Forecast P&L and FCF build).

Takeaway: Net income dips to USD 501m in FY2027 and recovers to USD 594m by FY2030; ROTE stays at 24–25 % and FCFE ≈ net income because the business needs little new tangible equity.

Exhibit 42 — Net income and FCFE, FY2027E – FY2035E

USD m



Source: Billen Capital Research estimates (engine_SNEX).

Takeaway: FY2027 FCFE exceeds net income because lower NOR releases required capital; from FY2028 FCFE runs at ≈ 87–91 % of net income.

Exhibit 43 — Quarterly estimates for the monitoring dashboard (11A)

USD m; EPS in USD

Quarter	Report date	NOR	Pre-tax	EPS
Q4 FY26	2026-11-25	677.1	142.2	0.88
Q1 FY27	2027-02-04	720.9	164.8	1.01
Q2 FY27	2027-05-06	749.7	184.8	1.13
Q3 FY27	2027-08-05	706.5	154.8	0.94
Q4 FY27	2027-11-24	706.5	154.8	0.94
Q1 FY28	2028-02-03	757.5	175.1	1.07
Q2 FY28	2028-05-04	787.8	196.1	1.20
Q3 FY28	2028-08-03	742.3	164.5	1.00
Q4 FY28	2028-11-22	742.3	164.5	1.00

Source: Billen Capital Research estimates; FY2027–28 quarters use a 25 / 26 / 24.5 / 24.5 % seasonal split (assumption). Report dates after Q4 FY26 estimated.

Takeaway: The forecast sheets (förhandsblad) are built on these quarters; Q4 FY26 is the first test (consensus EPS 0.86–0.88).

So what for the valuation. Every number in the valuation comes from this path; the forecast table is identical to the workbook (95 of 95 calibration checks pass).

I • Valuation

Method (module E, lifecycle Growth). FCFF and EV are not defined for an FCM: client funds, repos and inventory dominate the balance sheet and corporate debt is operating capital. We value the equity as residual income on tangible equity, computed as FCFE at K_e (clean surplus makes the two identical). $FCFE = \text{net income} + \text{amortisation of acquired intangibles} - \text{the increase in required tangible equity}$ ($\tau \times \text{NOR}$, $\tau = 0.738$). The terminal value uses the house HR-12 fade on FY2036 tangible earnings with $r = \text{ROIIC on tangible capital FY2030-35}$ and the industry $f = 0.20$; residual-income models may keep their own persistence (HR-12 v1.9), and we show the alternative in which existing excess returns also fade as a check. One K_e in all scenarios (HR-2).

Exhibit 44 — Cost of equity: three views

% unless stated

Input	Source	Low	Base	High
Risk-free rate	UST 10-year, 8 Oct 2026	5.22 %	5.22 %	5.22 %
Equity risk premium	House USD ERP (Damodaran implied, 1 Oct)	4.05 %	4.05 %	4.05 %
Beta	Damodaran Brokerage & Investment Banking, levered (base)	1.00	1.17	1.35
Premia	None (HR-11 Swedish small caps only)	0	0	0
Cost of equity (K_e)	HR-10	9.27 %	9.96 %	10.69 %
Terminal growth g	T10YIE, 8 Oct 2026	2.35 %	2.35 %	2.35 %

Source: FRED DGS10 and T10YIE (8 Oct 2026); house ERP (HUSREGLER HR-10); Damodaran betas (Jan 2026).

Takeaway: K_e 9.96 %; the price implies 9.27 % on our base path — a beta of ≈ 1.00 .

Exhibit 45 — Base valuation: FCFE to value per share

USD m unless stated

Step	Value
PV of FCFE FY2026 Q4 – FY2035	3,301
Terminal value at FY2035 (HR-12, $f = 0.20$)	7,887
of which steady-state value (FY2036 tangible earnings $\div K_e$)	7,586
of which moat value (growth at $r > K_e$, faded)	301
PV of terminal value (stub + 8.5 years)	3,436
Equity value at 30 Jun 2026	6,737
Bridge (corporate debt – cash, neutralised)	0
Roll-forward to 8 Oct 2026 at K_e (100 days)	$\times 1.0264$
Value per share (124.48m)	55.55
Terminal share of value	51.0 %
$r = \text{ROIIC on tangible capital FY2030-35} / g$	24.5 % / 2.35 %

Source: Billen Capital Research (engine_SNEX.value; workbook DCF and Scenarios D12).

Takeaway: Half the value is the terminal, and 96 % of the terminal is steady-state value: the moat component is small because r (24 %) is far above K_e but growth after FY2035 is only g .

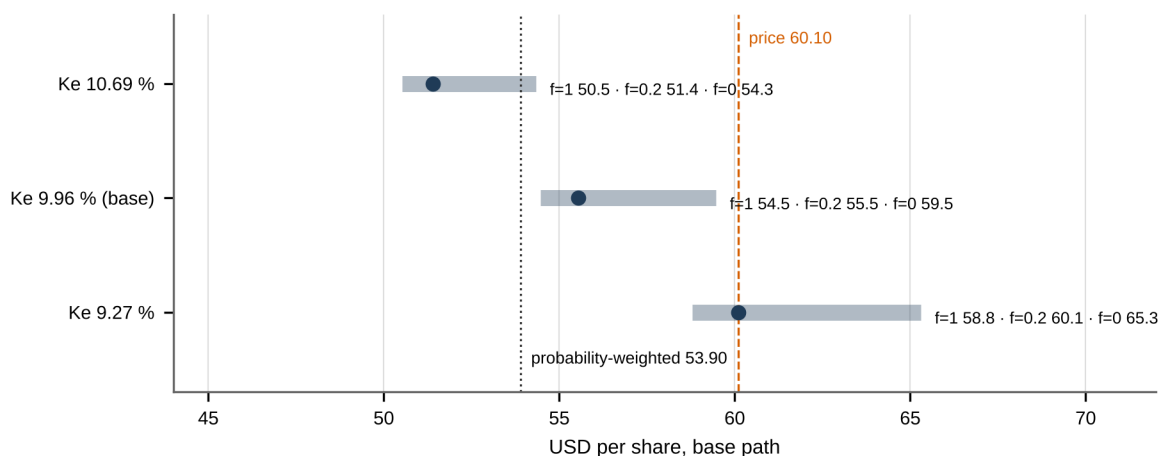
Exhibit 46 — ROIIC on tangible capital (HR-15)

USD m; tangible earnings = NI + PPA amortisation

FY	Tangible earnings	Required TBV	ROTE	ROIIC
FY2026	114.9	2,176.9	30.5 %	—
FY2027	529.8	2,127.7	24.6 %	—
FY2028	560.0	2,235.6	25.7 %	-61.3 %
FY2029	592.0	2,341.2	25.9 %	29.7 %
FY2030	620.2	2,444.1	25.9 %	26.7 %
FY2031	651.4	2,544.1	26.1 %	30.3 %
FY2032	678.9	2,641.0	26.2 %	27.5 %
FY2033	702.7	2,734.7	26.1 %	24.5 %
FY2034	722.6	2,825.2	26.0 %	21.3 %
FY2035	738.7	2,912.4	25.7 %	17.7 %

Source: Billen Capital Research (engine_SNEX).

Takeaway: ROIIC of 24-33 % FY2029-33 drops to 17 % in FY2035 as fixed-cost growth catches up with NOR; the terminal uses the five-year window (24 %).

Exhibit 47 — Fair value across the cost of equity and the fade bandUSD per share; base path; $f = 1 / 0.20 / 0$ 

Source: Billen Capital Research (engine_SNEX).

Takeaway: Across Ke 9.27–10.69 % and f 0–1 the base path is worth USD 50.5–65.3; the price is reached only at the low Ke with no fade.

Exhibit 48 — Value per share: beta × equity risk premiumUSD per share; base path, $f = 0.20$

beta 0.90	66.9	64.9	63.1	61.4	59.8
beta 1.00	63.9	61.9	60.1	58.4	56.7
beta 1.10	61.2	59.2	57.3	55.6	54.0
beta 1.17	59.4	57.4	55.5	53.8	52.2
beta 1.25	57.5	55.5	53.6	51.9	50.3
beta 1.35	55.2	53.2	51.4	49.7	48.1
beta 1.45	53.1	51.2	49.3	47.6	46.0
	ERP 3.55 %	ERP 3.80 %	ERP 4.05 %	ERP 4.30 %	ERP 4.55 %

Source: Billen Capital Research (aux_SNEX.ke_grid).

Takeaway: Breakpoints: the base path equals the price at Ke 9.27 %; the probability-weighted value equals it at 9.02 %; HR-2 passes only below 8.46 % and the buy level reaches the price at 8.04 %.

Check: residual income with fading existing returns. If the excess return on today's tangible equity also fades (persistence ω), the base path is worth USD 42.77 at $\omega = 0.8$ and USD 46.18 at $\omega = 0.9$; $\omega = 1$ gives USD 58.79. The house HR-12 form keeps existing returns (the steady-state term), which is why our base (USD 55.55) is above the $\omega = 0.9$ value. The F1 brief's "≈ 35 USD with fade" is this stricter definition on consensus inputs.

So what for the valuation. Value is most sensitive to the earnings level (volatility regime ± 16 %), fixed-cost growth (± 13 %) and $Ke \times beta$ (± 12 %); the fade assumption moves value by -2 % / $+7$ %.

I1 · Reverse valuation

Exhibit 49 — What the price requires: solved on the same engine

as stated; 52-week low 37.21 (21 Nov 2025), price 60.10, 52-week high 92.67 (18 Jun 2026)

Driver	52w low	Price	52w high	BCR base
NOR CAGR FY2027–35	1.7 %	4.5 %	7.9 %	4.0 %
Pre-tax / NOR FY2035 (same solution)	14.9 %	25.5 %	35.4 %	23.8 %
Variable compensation / NOR (margin solved instead)	38.1 %	28.6 %	—	30.5 %
Average pre-tax margin FY2027–35 (same)	16.0 %	25.5 %	—	23.6 %
Implied Ke (base path)	14.38 %	9.27 %	6.25 %	9.96 %
Implied CAP (years from today)	0.8	not reached	not reached	16.0

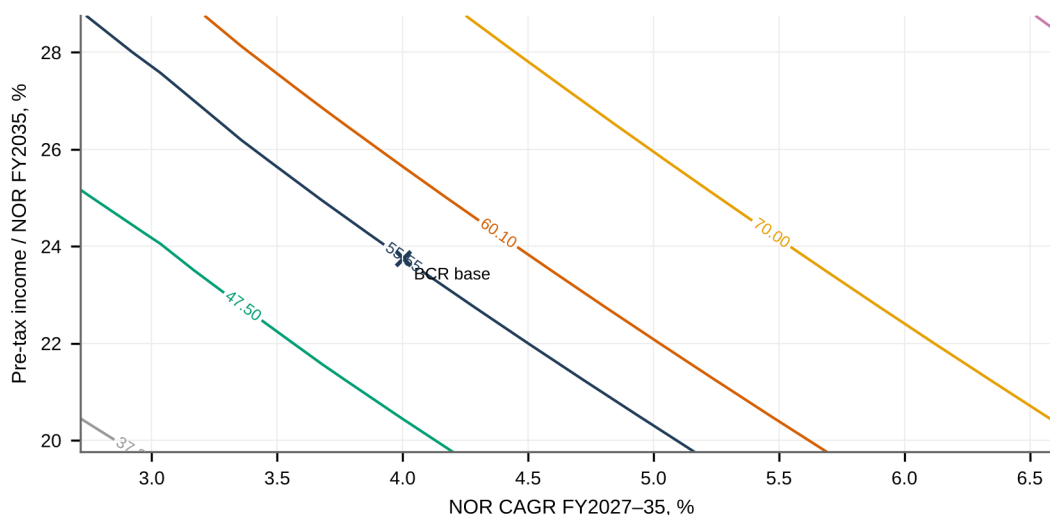
Source: Billen Capital Research (engine_SNEX.reverse_growth, reverse_margin, reverse_ke, implied_cap).

Takeaway: The price needs NOR growth of 4.5 % a year after FY2027 or a 25.5 % margin for good; at the June high it needed 7.9 % and 35.4 % — FY2026 as a permanent floor with growth on top.

What the reverse valuation does not flex. Each row moves one driver with the rest at base. Growth is solved by scaling all volume growth rates (the FY2027 normalisation stays); margin by moving variable compensation. A market that believes in both higher volatility and higher margins needs less of each. The rows do not flex capital intensity (τ) or tax.

Exhibit 50 — Iso-value curves: NOR growth against FY2035 margin

NOR CAGR FY2027–35 (%) × pre-tax/NOR FY2035 (%); USD per share on each line



Source: Billen Capital Research (engine_SNEX, 169 runs).

Takeaway: The price line (60.10) runs ≈ 0.5 pp of growth or ≈ 1.8 pp of margin above our base; the buy level (46) is ≈ 3.9 pp of margin below it.

So what for the valuation. The price is a bet that FY2026's profitability is the floor. We do not need to be bearish on the franchise to disagree; we only need FY2027 to look more like FY2025 than FY2026 in the volatility lines.

I2 · Five end-points and cross-checks

Exhibit 51 — Value per share by end-point

USD per share, value today; low / base / high

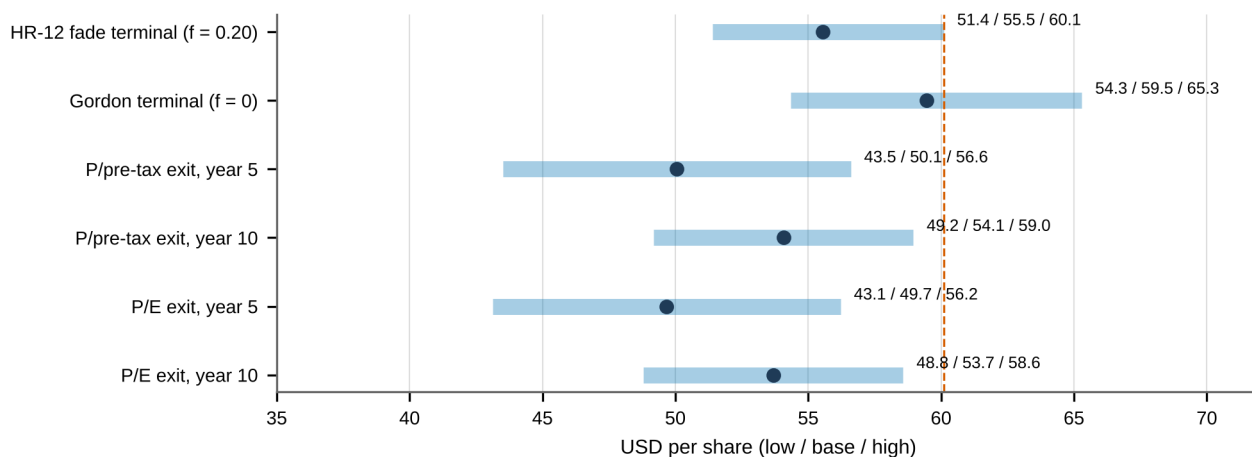
End-point	Low	Base	High	Assumption
HR-12 fade terminal ($f = 0.20$)	51.40	55.55	60.10	Ke 10.69 / 9.96 / 9.27 %
Gordon terminal ($f = 0$)	54.33	59.46	65.30	Ke views; workbook DCF B33–D33
P/pre-tax exit, year 5 (FY2030)	43.51	50.06	56.60	6.8 / 8.4 / 9.9x
P/pre-tax exit, year 10 (FY2035)	49.19	54.07	58.95	6.8 / 8.4 / 9.9x
P/E exit, year 5	43.13	49.67	56.22	9.0 / 11.0 / 13.0x
P/E exit, year 10	48.81	53.69	58.57	9.0 / 11.0 / 13.0x
Min / median / max (15 cells, excl. fade row)	43.13	54.07	65.30	

Source: Workbook Exit multiples (rows 31, 43, 53, 64, 70) and engine_SNEX; Billen Capital Research.

Takeaway: 14 of fifteen cells lie below the price; the median is USD 54.07. In the base column the choice of end-point moves value by $\approx \pm 10$ %, much less than the choice of FY2027 earnings level.

Exhibit 52 — Five end-points: range and base

USD per share; low / base / high; dashed: price



Source: Billen Capital Research (aux_SNEX.exits).

Takeaway: Only the Gordon terminal at the low K_e reaches the price.**Exhibit 53 — Justified multiples and what the chosen multiples assume (HR-15)**

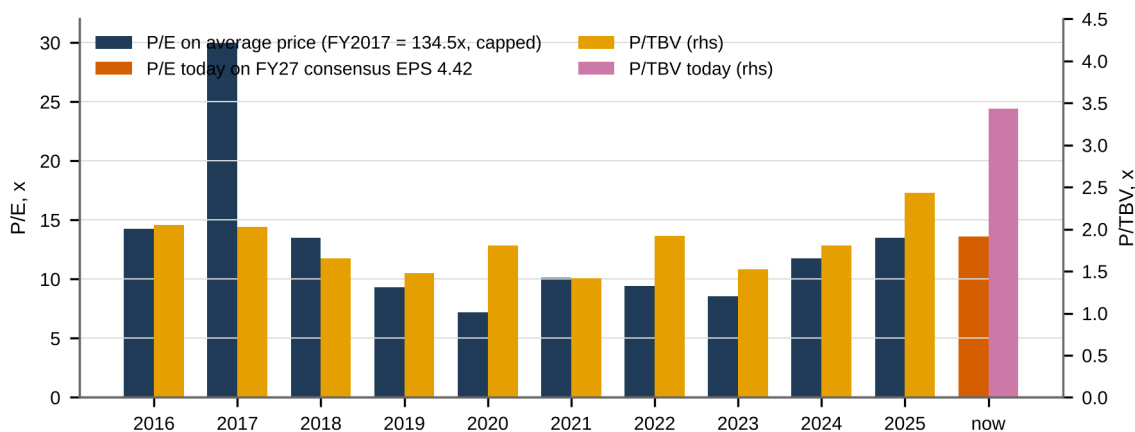
x unless stated

Multiple	No fade	f = 0.20	Chosen	Implies
P/E, justified at exit (ROE = ROIIC 23.7 %, g 2.35 %)	12.2x	10.7x	11.0x	f ≈ 0.2
P/pre-tax, justified (× 0.76)	9.2x	8.1x	8.4x	f ≈ 0.2
P/TBV at FY2035 ROTE (bank form, HR-12)	3.08x	2.69x	—	f = 1: 2.59x
Implied P/pre-tax in the Gordon terminal (× (1 + K_e) ^{0.5})	10.0x		8.4x	gap 20 % (< 30 %)
Implied perpetual growth in the exits (year 5 / year 10)	1.11 %	0.82 %		within 0–3 %

Source: Billen Capital Research (aux_SNEX.justified, cross); HUSREGLER HR-12, HR-15.

Takeaway: The chosen exit multiples sit on the fundamentally justified level with the industry fade, below the peer median (13.5x P/E); the case does not rest on multiple expansion.**Exhibit 54 — StoneX valuation history: P/E and P/TBV**

x; FY2016–25 on average price (Börsdata/Morningstar); "now" on FY2027 consensus EPS and 30 Jun 2026 TBV



Source: Börsdata export (Morningstar data), workbook Borsdata tab rows 90 and 103; Billen Capital Research.

Takeaway: Ten-year medians are 10.1x earnings and 1.8x tangible book; today's 13.6x and 3.4x are the highest in the series.

Exhibit 55 — Module E cross-check: P/TBV against ROTE

x; USD per share

	P/TBV	Value per share
Peer fit ex IBKR: $P/TBV = a + b \times ROTE$	$-1.33 + 17.7 \times ROTE$	
At StoneX LTM ROTE 29.5 %	3.89x	68.03
At our FY2027 ROTE 24.6 %	3.03x	53.02
Fit including IBKR (R^2 0.13)	4.07x	71.09
StoneX today	3.44x	60.10
Own ten-year median P/TBV (average price)	1.81x	31.65

Source: Fiscal.ai company_ratios (9 Oct 2026); Billen Capital Research regression.

Takeaway: The peer line values StoneX at USD 53.02 on our FY2027 ROTE and at USD 68.03 on LTM ROTE: the cross-check brackets our base and repeats the one-variable debate.

So what for the valuation. All methods agree on the shape of the answer: StoneX is worth USD 50–59 in the base column if FY2027 normalises, and more than the price only if FY2026 is the floor (bull USD 77.78). Weighted end-points (60 % Gordon, 10 % each multiple) give USD 56.42.

I3 · Base rates and historical analogues**Exhibit 56 — Analogues: what happened after comparable peaks and shocks**

as stated

Analogue	Valuation at worst	Outcome	Lag	Deciding factor
FY2017 coal loss (Singapore)	P/B $\approx$ 1.35x at the low	Pre-tax 3.1 % $\rightarrow$ 17.5 % (FY2018)	1 year	Isolated counterparty; business exited
Covid volatility (Mar 2020)	P/B $\approx$ 0.88x at the low	FY2020 ROE 24.9 %	2–4 quarters	Volatility windfall
After the covid peak (FY2021)	P/E $\approx$ 10x	NOR +32.5 % but pre-tax –25 %; ROE 13.9 %	1 year	The peak was not the new level
Zero rates (to FY2021)	—	Interest on client balances USD 23–35m (FY2020–21) vs 338m (FY2025)	—	Rates are a sixth of NOR
FCM failures (MF Global 2011, Peregrine 2012)	—	Non-bank FCMs 225 $\rightarrow$ 6	years	Consolidation to the strongest
Retail FX RPM (GAIN)	—	RPM 185 peak $\rightarrow$ "80s"	quarters	Volatility sets the price

Source: 10-K FY2017–FY2021; Börsdata (lowest price $\div$ book per share); Midwest IDEAS conference Aug 2024; earnings calls.

Takeaway: The closest analogue to FY2026 is FY2020 $\rightarrow$ FY2021: record NOR, then a 25 % fall in pre-tax income the next year. Base rates favour normalisation over extrapolation.

Sales growth has little persistence (Mauboussin and Callahan); StoneX's own record is three years of 28–33 % NOR growth (FY2020–22, acquisitions and rates) followed by 9–10 %. The house ROE persistence for other financials ($f = 0.20$) implies that a ROTE of 25 % moves halfway to K_e in about three years if nothing else changes; our base holds ROTE flat to 2035 and puts all the fade into the terminal — a more generous treatment than the base rate.

So what for the valuation. Base rates support the 45 % base and 22 % bear weights; the 8 % severe weight is about one counterparty event per decade, consistent with FY2017.

J · Scenarios and sensitivities

The five scenarios are full re-runs of the engine from the 30 June 2026 balance sheet, built from value triggers — volatility (listed, OTC, physical, FX), rates (float yield), operating leverage (variable pay, fixed costs) and scale (float and ADV growth) — with one K_e (9.96 %) and one g (2.35 %) in all of them (HR-2). Bear and severe use the industry fade $f = 0.20$ and $r = \max(\text{ROIIC}, K_e)$; bull and blue-sky use $f = 0.15$ and 0.10 on the argument that non-bank FCM consolidation and bank retreat lengthen the advantage period (Section D); at the industry $f = 0.20$ they are worth USD 77.20 and 101.05, and the weighted value falls by USD 0.22 (F2). Their terminal r exceeds the average ROTE because τ is constant: incremental NOR needs the same capital per dollar while operating leverage lifts the incremental margin. The probability-weighted value (USD 53.90) is below the base (USD 55.55): the distribution is left-skewed by construction and by evidence (FY2017, FY2021).

Exhibit 57 — Scenario ladder

USD m unless stated; value today in USD per share

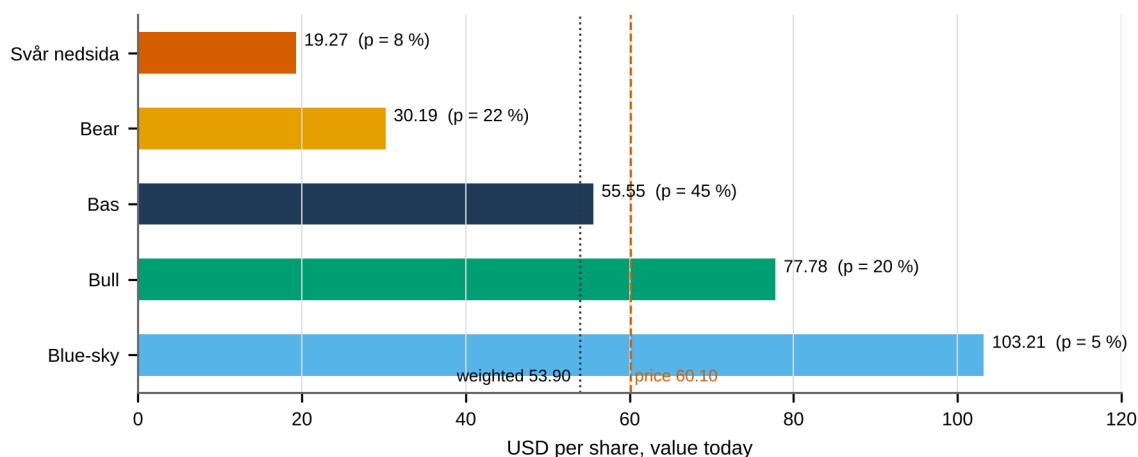
Case	p	NOR FY27	vs FY26	NOR CAGR 27–35	Margin FY27	Margin FY35	NI FY27	ROTE FY27	ROTE FY35	f	Value	vs price
Severe downside	8 %	2,131	–27.0 %	1.2 %	3.9 %	8.5 %	63	5.0 %	10.3 %	0.20	19.27	–67.9 %
Bear	22 %	2,478	–16.0 %	2.4 %	16.3 %	13.8 %	307	16.8 %	15.6 %	0.20	30.19	–49.8 %
Base	45 %	2,884	–2.3 %	4.0 %	22.9 %	23.8 %	501	24.6 %	25.7 %	0.20	55.55	–7.6 %
Bull	20 %	3,122	5.8 %	5.2 %	26.3 %	29.9 %	623	29.1 %	32.2 %	0.15	77.78	29.4 %
Blue-sky	5 %	3,368	14.1 %	6.3 %	29.8 %	34.9 %	762	33.9 %	37.5 %	0.10	103.21	71.7 %
Probability-weighted	100 %										53.90	–10.3 %

Source: Billen Capital Research (engine_SNEX scenarios; workbook Scenarios B5–F12).

Takeaway: Only bull and blue-sky lie above the price; the base is –7.6 % below it and the bear –49.8 %.

Exhibit 58 — Scenario values against the price

USD per share, value today



Source: Billen Capital Research.

Takeaway: The price sits between base (USD 55.55) and bull (USD 77.78); the weighted value is USD 53.90.

Exhibit 59 — What triggers each scenario

as modelled

Case	Triggers and drivers
Severe downside	Kreditförlust 150 MUSD 2027 (kolförlusten 2017 var 9,5 % av NOR; 150 = 5,3 % av FY2025-nivån), korta räntor mot ≈ 1,5 % (nettoavkastning på float 1,4–1,8 %), låg volatilitet, fysiskt under FY2025-nivå; ledningen sänker fasta kostnader. ROTE ≈ 10–13 % ≈ Ke, som FY2016–18.
Bear	Volatiliteten normaliseras under FY2025-nivå i OTC och fysiskt; Fed vänder och sänker ≈ 150 pp (nettoavkastning på float 2,4 → 2,0 %); fasta kostnader +4,5 % 2027, +3 % därefter.
Base	Q4 FY26 NOR 677,1 (≈ konsensus EPS 0,86–0,88); FY2027 NOR 2 884 (–2,3 %): fysiskt 462 → 370, OTC 368 → 336, börsderivat 498 → 463 när volatiliteten normaliseras; värdepapper +8 %, float +6 % till 17,3 mdr till 2,85 % (Fed-höjningen sep 2026); rörlig ersättning 30,5 %; fasta kostnader 1 345 (+2,4 %). Därefter volym +4–8 % avtagande, avkastning 2,85 %, fasta +4,5 → 3,5 %. NI FY2027 501 mot konsensus 559–590; ROTE ≈ 24–25 %. Terminal: f = 0,20 (branschens; inget vallgravsargument för lägre f — se G5).
Bull	FY2026-nivån blir golv: banker drar sig ur clearing, RJO-intäktssynergier, prime/värdepapper växer 9 %; räntan stiger ytterligare (nettoavkastning 3,0 % från FY2028).
Blue-sky	Strukturell konsolidering: StoneX blir Interactive Brokers-lik plattform för institutioner och retail; volatilitetsregimen består.

Source: Billen Capital Research (engine_SNEX.scenarios notes).

Takeaway: Bull needs FY2026 to be the floor; bear needs FY2025-like volatility and lower rates; severe needs a credit event on top.

Exhibit 60 — House tests at USD 60.10

as defined in HUSREGLER v1.10

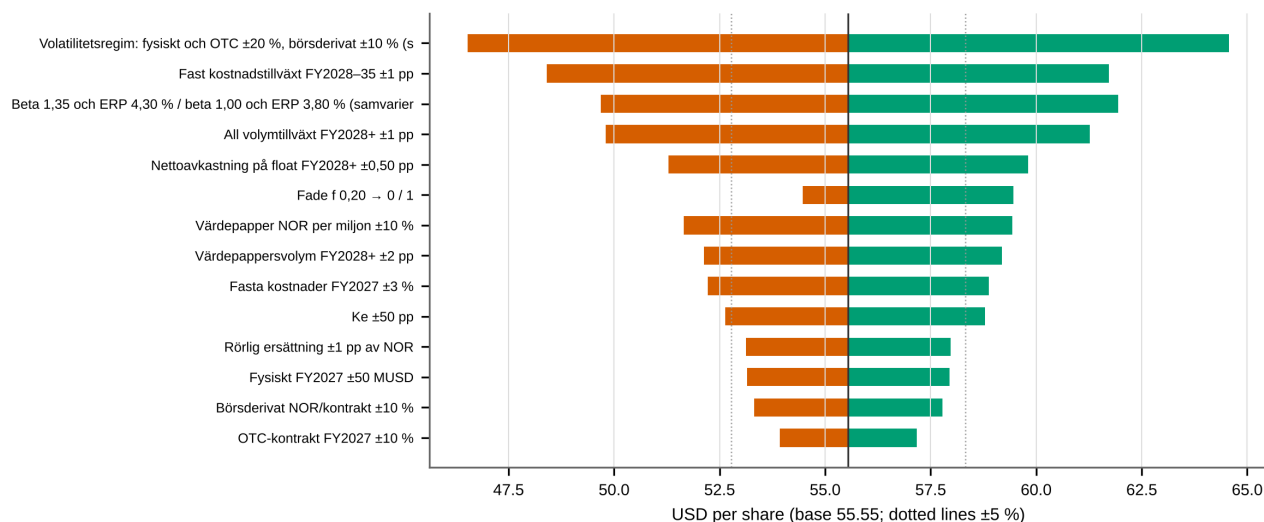
Rule	Result	Verdict
HR-1 target price	$\sum p \times V \times (1 + Ke) - 0 = 59.26 \rightarrow \text{USD } 59$	–1.8 % to target
HR-2 return test (C / A)	7.6 % / 6.1 % against 10 %	KLARAR EJ
HR-5 reduce level (8 %)	USD 59 today, ≈ USD 65 in 12 months (rolls with Ke)	price above
HR-6 gain/loss ratio	0.48x (needs 2.0x); 100 % of the upside in bull and blue-sky	fails
HR-7 buy level	USD 47.50 (ratio ≥ 2.0 and 10 % margin to value today)	–21.0 % from price
HR-9 group	3 (C – 1 pp × (5 – conviction)) = 4.6 %)	
Probability of a value below the price	75 %	

Source: Workbook Scenarios and Required return (calibrated to engine_SNEX); hr_house.house.

Takeaway: The stock fails HR-2 and HR-6 at the current price and trades above the HR-5 reduce level; the buy level that passes both is USD 47.50.

Exhibit 61 — Tornado: value sensitivity to the main assumptions (G5)

USD per share; base 55.55; dotted ±5 %



Source: Billen Capital Research (aux_SNEX.g5).

Takeaway: Ten assumptions move value by more than 5 %; the volatility regime and fixed-cost growth dominate, then beta × ERP and volume growth.

Exhibit 62 — G5 — the five-per-cent rule

change in base value per share

Assumption and step	Label	Low	High	> 5 %?
Volatilitetsregim: fysiskt och OTC ±20 %, börsderivat ±10 % (samvarierande)	ANTAGANDE	–16.2 %	16.2 %	YES — evidence in Verification log
Fast kostnadstillväxt FY2028–35 ±1 pp	ANTAGANDE	–12.9 %	11.1 %	YES — evidence in Verification log
Beta 1,35 och ERP 4,30 % / beta 1,00 och ERP 3,80 % (samvarierande)	HR-10	–10.6 %	11.5 %	YES — evidence in Verification log
All volymtillväxt FY2028+ ±1 pp	ANTAGANDE	–10.3 %	10.3 %	YES — evidence in Verification log
Nettoavkastning på float FY2028+ ±0,50 pp	ANTAGANDE	–7.7 %	7.7 %	YES — evidence in Verification log
Fade f 0,20 → 0 / 1	ANTAGANDE	–1.9 %	7.0 %	YES — evidence in Verification log

Assumption and step	Label	Low	High	> 5 %?
Värdepapper NOR per miljon ±10 %	ANTAGANDE	−7.0 %	7.0 %	YES — evidence in Verification log
Värdepappersvolym FY2028+ ±2 pp	ANTAGANDE	−6.1 %	6.6 %	YES — evidence in Verification log
Fasta kostnader FY2027 ±3 %	ANTAGANDE	−6.0 %	6.0 %	YES — evidence in Verification log
Ke ±50 pp	HR-10 (beta skattad)	−5.2 %	5.8 %	YES — evidence in Verification log
Rörlig ersättning ±1 pp av NOR	ANTAGANDE	−4.4 %	4.4 %	no
Fysiskt FY2027 ±50 MUSD	ANTAGANDE	−4.3 %	4.3 %	no
Börsderivat NOR/kontrakt ±10 %	ANTAGANDE	−4.0 %	4.0 %	no
OTC-kontrakt FY2027 ±10 %	ANTAGANDE	−2.9 %	2.9 %	no
Skatt ±2 pp	ANTAGANDE	−2.7 %	2.7 %	no
τ = TBV/NOR ±0,05	ANTAGANDE	−2.7 %	2.7 %	no
Float FY2027 ±5 %	ANTAGANDE	−2.3 %	2.3 %	no
Floattillväxt FY2028+ ±1 pp	ANTAGANDE	−2.1 %	2.2 %	no
g 2,35 % ±0,5 pp	källa T10YIE	−0.4 %	0.4 %	no
Q4 FY26 NOR ±40 MUSD (fysiskt)	ANTAGANDE	−0.3 %	0.3 %	no

Source: Billen Capital Research (aux_SNEX.g5); evidence for each > 5 % item in the workbook Verification log rows 33–42.

Takeaway: Every assumption that moves value by more than 5 % is documented with a source, a base rate or a second method; none is a free parameter.

Exhibit 63 — Rates: value against the net yield on float and float growth

base path; USD per share, value today; FY2027 and FY2028+ yields moved together

Net yield on float (FY2028+)	Float growth 3 %	Float growth 6 %	Float growth 9 %
2.00 %	45.42	47.78	50.42
2.25 %	47.42	50.07	53.03
2.50 %	49.42	52.35	55.64
2.70 %	51.01	54.18	57.72
2.85 % (base)	52.21	55.55	59.28
3.00 %	53.41	56.92	60.85
3.25 %	55.41	59.20	63.45

Source: Billen Capital Research (aux_SNEX.rate_grid; engine_SNEX base path). Q3 FY2026 net yield 2.77 %; Fed funds 3.75–4.00 % after the 16 Sep 2026 hike.

Takeaway: The price is reached only with a net yield of ≥ 3.00 % held for a decade and float growth of 9 % or more; the base (2.85 %, 6 %) is worth USD 55.55, and a fall back to 2.50 % costs ≈ -6 %.

Exhibit 64 — Red-team challenges run through the engine (F2)

value today and house tests, USD per share

Challenge	Change	Base value	Weighted value	HR-1 target	HR-6	Buy (HR-7)
House case (after F2)	—	55.55	53.90	USD 59	0.48x	USD 47.5
one at a time	Fixed costs FY2027 USD 1,310m (Q3 run-rate less synergies, +3 %)	58.44				
one at a time	Variable compensation 30.0 % (top of guidance)	56.76				
one at a time	Float growth 8 % a year FY2028+ ("high single-digit")	57.99				
Guidance base (all three together)	fixed 1,310 · variable 30 % · float +8 %	62.10	56.85	USD 63	0.67x	USD 50
Rates linked (Ke and float)	UST −100 bp (Ke) and net yield −0.50 pp	57.22				
Rates linked (Ke and float)	UST −50 bp and net yield −0.25 pp	56.36				
Rates linked (Ke and float)	UST +100 bp and net yield +0.50 pp	54.08				
Rates linked (Ke and float)	Ke unchanged, net yield +0.50 pp	60.11				
Tails: blue-sky value USD 85	blue-sky 85 instead of 103.21	55.55	52.99	USD 58	0.40x	USD 47
Tails: blue-sky weight to bull	p bull 25 %, blue-sky 0 %	55.55	52.63	USD 58	0.37x	USD 46.5
Bull and blue-sky at industry f = 0.20	bull 77.20, blue-sky 101.05	55.55	53.67	USD 59	0.46x	USD 47.5

Source: Billen Capital Research (f2_sens_SNEX.py on engine_SNEX); F2 red team (Fable) 9 Oct 2026; self-audit table at the end of the report.

Takeaway: Only the guidance base — every cost and float assumption at the favourable end of guidance at once — lifts the target above the price (USD 63); that combination is what Q4 FY26 and Q1 FY27 test, and it would move the rating to HOLD, not to a buy.

Exhibit 65 — How much the weights matter

weighted value today and HR-1 target, USD per share

Weight set	Severe	Bear	Base	Bull	Blue-sky	Weighted value	HR-1 target	vs price
House (HR-1)	8 %	22 %	45 %	20 %	5 %	53.90	USD 59	-1.8 %
10 pp bear → bull	8 %	12 %	45 %	30 %	5 %	58.66	USD 64	6.5 %
10 pp base → bull	8 %	22 %	35 %	30 %	5 %	56.12	USD 62	3.2 %
No severe (to base)	0 %	22 %	53 %	20 %	5 %	56.80	USD 62	3.2 %
Symmetric 10/20/40/20/10	10 %	20 %	40 %	20 %	10 %	56.06	USD 62	3.2 %
Bull = bear (22 %)	8 %	22 %	43 %	22 %	5 %	54.34	USD 60	-0.2 %
Consensus-like (no severe, bull 35 %)	0 %	15 %	45 %	35 %	5 %	61.91	USD 68	13.1 %

Source: Billen Capital Research (engine_SNEX scenario values; HR-1 with the same Ke).

Takeaway: The weighted value reaches the price only if 28 % of probability moves from base to bull (bull weight 48 %) or with consensus-like weights; symmetric weights give a target of USD 62, still a fail on HR-2.

So what for the valuation. The rating rests on the probability weights as much as on the base: moving 10 pp from bear to bull lifts the weighted value by $\approx$ USD 4.8, still below the price.

K · Risk register, bear case and pre-mortem

Exhibit 66 — Risk register: probability × impact

qualitative; value effects from the engine

Risk	Probability	Impact	Leading indicator	Value effect
Volatility normalises faster (FY2027 NOR < 2.6bn)	Medium	High	NOR per quarter; physical, OTC	−43 % (bear)
Rates fall faster (float yield < 2.2 %)	Medium	High	Net yield on float	−8 % per −0.5 pp
Volatility stays elevated (FY2027 NOR > 3.05bn)	Medium	High (upside)	NOR per quarter	+40 % (bull)
Client default / clearing-house loss	Low	Very high	Bad debts; metals, energy exposures	−64 % (severe)
Cost discipline fails (fixed costs +6 % a year)	Medium	Medium	Fixed costs per quarter	−13 % per +1 pp a year
Acquisition overpaid (Banco Travelex, further tuck-ins)	Medium	Low–medium	Goodwill payback; TBV/NOR	not modelled (NPV-neutral)
ICFR weakness recurs / restatement	Low	Medium	10-K FY2026	multiple, not earnings
Regulatory: CFD leverage, capital rules	Low	Medium	FX/CFD NOR	not separately modelled (FX/CFD 13.5 % of NOR)
Key person (O'Connor, Smith, Dunaway)	Low	Medium	Proxy, 8-K	culture of capital allocation
Insider selling continues	High	Low	Form 4	signal only

Source: Billen Capital Research (engine_SNEX scenarios and G5); StoneX 10-K FY2025 risk factors.

Takeaway: The largest risks to a holder at USD 60 are normalisation and rates; the largest risk to our REDUCE call is that volatility stays elevated.

THE BULL CASE, STEELMANNED (THE RISK TO OUR RATING)

RJO did not just add volume: it made StoneX the default non-bank FCM for agricultural and energy hedgers at the moment banks are rationing clearing, and it doubled the float that earns money whatever happens to volatility. Securities, prime and payments grow 10–20 % a year on their own. FY2026 is therefore the first year of a larger franchise, not a spike: on Q3 FY26's run-rate (NOR USD 720m, pre-tax 22 %) FY2027 is already USD 2.9bn of NOR and USD 490m of net income before any growth, and two quarters of normal growth reach consensus. At 13.6x FY2027 consensus and 3.4x tangible book for a 25–30 % ROTE, the shares are not expensive against Marex (5.1x) or Interactive Brokers (6.7x).

Our answer. We agree with almost all of it — our base is USD 2.88bn of NOR and USD 501m of net income in FY2027, essentially the Q3 run-rate. The disagreement is that consensus adds growth on top of a quarter that still had physical at USD 87m and OTC at USD 102m (both above our FY2027 run-rate), and that a 25–30 % ROTE capitalised at 3.4x book already prices most of it.

PRE-MORTEM: HOW A REDUCE CALL ON STONEX GOES WRONG

- Q4 FY26 and Q1 FY27 look like Q2 FY26.** Metals, energy and tariff volatility persist; physical runs at USD 120–160m a quarter and OTC at USD 100m. FY2027 NOR is USD 3.1bn, net income USD 620m, and the shares re-rate to USD 75–80 while we sit out. Probability ≈ 20 % (our bull).
- Rates rise further.** Markets price one more hike after September; the float yield moves to 3.0 % and the float grows 9 %. Worth USD 60.85 (10 % on our base, which already holds the yield at 2.85 %) — about the price, but only with both at once.
- RJO revenue synergies arrive.** Cross-selling OTC and FX to RJO's 350 introducing brokers adds USD 50–100m of NOR by FY2028 — management's "multiples of cost synergies". We credit none of it.

So what for the valuation. The pre-mortem's first path is exactly our first falsifier (FY2027 NOR ≥ USD 3,050m); it is monitored quarterly through the NOR and physical/OTC indicators in \$M.

K2 · Permanent capital impairment

Exhibit 67 — Paths to a permanent loss

USD per share where measurable

Path	Mechanism	First visible in	Value	Nature
Credit loss and rate cuts together	A client default in metals or energy (USD 150m) and short rates at 1.5 %	Bad debts; float yield	USD 19.27 (–68 %)	Recoverable for the business; permanent for a buyer at 3.4x TBV
Multiple de-rating without earnings loss	P/TBV returns to the ten-year median 1.8x on unchanged ROTE	Price only	≈ USD 32	Permanent at that multiple
Overpaying for growth	Large acquisition at > 3x book with weak payback	Goodwill / TBV	not modelled	Value transfer to sellers
Clearing-house default mutualisation	A CCP calls default funds after a member failure	8-K	unquantified	Tail risk

Source: Billen Capital Research (engine_SNEX severe case); Börsdata P/TBV history; StoneX 10-K FY2025 risk factors.

Takeaway: For StoneX the business survives every path we model; the permanent loss comes from paying 3.4x tangible book for earnings that fall back to 10–13 % ROTE.

Exhibit 68 — Severe downside: the financial path

USD m

Year	NOR	Pre-tax	Margin	FCFE
FY2026E	2,918	687	23.5 %	50
FY2027E	2,131	84	3.9 %	673
FY2028E	2,107	216	10.3 %	210
FY2029E	2,125	203	9.6 %	168
FY2030E	2,191	224	10.2 %	148
FY2031E	2,256	244	10.8 %	163

Source: Workbook Severe downside (engine_SNEX severe case).

Takeaway: A USD 150m loss in FY2027 halves pre-tax income for one year; afterwards the business earns ≈ Ke, and the value (USD 19.27) is ≈ 1.1x tangible book.

So what for the valuation. The severe case carries 8 % weight; it is calibrated to FY2017 (a 9.5 %-of-NOR loss) and to the 0.88x P/B low of March 2020, not to an FCM failure.

L · ESG, governance and sustainability

Exhibit 69 — Governance and sustainability register

as stated

Topic	Fact	Source
Board	10 nominees, 7 independent; independent chairman (John Radziwill) separate from CEO	DEF 14A 2026 p.8, 14, 16
Pay	Bonus solely on adjusted ROE (100 % at 15 %, 162 % at 20 %); LTIP accrues at max(borrowing rate, ROE) capped 15 %; no compensation consultant	DEF 14A 2026 p.17–23
Executive Vice-Chairman package (Mar 2025)	300,000 time-vested shares (USD 22.8m) + up to 337,500 performance shares on 4-year ROE ≥ 18 %	DEF 14A 2026 p.24, 28
CEO pay ratio / say-on-pay	53:1; ≈ 85.9 % support	DEF 14A 2026 p.16, 33
Related-party transactions	None in FY2025; no written policy	DEF 14A 2026 p.46
Audit	KPMG since 2010; adverse ICFR opinion FY2025 (repo netting)	10-K FY2025 p.73–74
Legal	BTIG FINRA award net USD 1.9m (Mar 2026), settled; DOJ subpoena still open	10-K FY25 p.109; 10-Q p.27
Environmental	Physical commodities (coal exited 2017; renewable fuels, metals); no sustainability report in our sources	10-K FY17; materialisation log

Source: StoneX DEF 14A 2026; 10-K FY2025; 10-Q Q3 FY2026.

Takeaway: Pay is tied to ROE, which aligns management with returns on capital but also rewards a peak year; the open DOJ subpoena and the ICFR weakness are the governance items to watch.

So what for the valuation. No ESG adjustment to Ke or the scenarios; the governance items enter the risk register and the catalyst calendar.

M · Monitoring dashboard

The dashboard turns the thesis into numbers we can check every quarter. Twelve core indicators carry three numeric thresholds each; the status is computed, not judged. Six pillars state what must stay true; the catalyst calendar lists the dates on which the evidence arrives. The full quarterly table (11A) is in Section H.

Exhibit 70 — 11D — Core indicators with thresholds

as stated; status computed from thresholds

Indicator	Now	As of	Green	Amber	Red	Status
NOR per quarter (USD m)	719.7	Q3 FY26	700.0	675.0	650.0	GREEN
Pre-tax income / NOR, quarter	22.2 %	Q3 FY26	21.0 %	19.5 %	18.0 %	GREEN
ROE annualised, quarter (average equity)	18.5 %	Q3 FY26	16.0 %	15.0 %	14.0 %	GREEN
Net yield on float, annualised	2.8 %	Q3 FY26	2.9 %	2.6 %	2.4 %	AMBER
Average float: client equity + sweep (USD m)	16,188.0	Q3 FY26	17,000.0	16,500.0	16,000.0	AMBER
Variable compensation / NOR, quarter	33.9 %	Q3 FY26	30.5 %	31.5 %	32.5 %	RED
Fixed costs per quarter (USD m)	314.2	Q3 FY26	337.0	345.0	352.0	GREEN
Physical commodities NOR per quarter (USD m)	87.4	Q3 FY26	92.0	82.0	72.0	AMBER
OTC derivatives NOR per quarter (USD m)	101.9	Q3 FY26	84.0	77.0	70.0	GREEN
Bad debts, net, per quarter (USD m)	-1.0	Q3 FY26	5.0	15.0	25.0	GREEN
Implied Ke in the price (base path)	9.3 %	2026-10-08	10.0 %	9.4 %	9.0 %	AMBER
Tangible equity / NOR TTM (capital intensity τ)	73.8 %	Q3 FY26	78.0 %	82.0 %	86.0 %	GREEN

Source: Workbook Monitoring dashboard 11D; earnings release Q3 FY2026; Billen Capital Research.

Takeaway: 1 indicator is red today (variable compensation / nor) and 4 amber (net yield on float; average float: client equity + sweep; physical commodities nor per quarter; implied ke in the price): cost discipline, the float and valuation, not the franchise, are the current warnings.

Exhibit 71 — 11C — Thesis pillars

as stated

Claim	Measure	Required path	Falsification threshold	Status	If broken
NOR level after normalisation: FY2027 $\approx$ 2,884 ($\sim$ 2 % on FY2026E)	NOR per quarter; product lines	$\geq$ 700 a quarter in FY2027	$<$ 650 two quarters in a row	HOLDS	REDUCE $\rightarrow$ test SELL if $<$ 600
Profitability: ROTE $\approx$ 24–25 %, pre-tax $\approx$ 22–23 % of NOR	Pre-tax / NOR; ROE	$\geq$ 21 % / ROE $\geq$ 16 %	$<$ 18 % / ROE $<$ 14 % two quarters	HOLDS	Value $\approx$ bear (30)
The float grows and the yield holds: $+6$ – 8 % a year, net yield $\approx$ 2.85 % ($\geq$ 2.6 %)	Average float; net yield	$\geq$ 17bn FY2027; $\geq$ 2.85 %	$<$ 2.4 % two quarters	HOLDS	-8 % of value per -0.5 pp
Cost discipline: fixed $\leq$ 1,345 FY2027, variable $\leq$ 30.5 %	Fixed costs; variable compensation	$\leq$ 337 a quarter; $\leq$ 30.5 %	$>$ 352 or $>$ 32.5 % two quarters	HOLDS	± 1 pp a year $\approx$ ± 12 % of value
Capital: τ stable $\approx$ 0.74; acquisitions earn Ke (36-month payback)	TBV/NOR TTM; goodwill payback	$\leq$ 0.78	$>$ 0.86	HOLDS	FCFE and ROTE fall
No credit or clearing event (severe downside)	Bad debts per quarter	$\leq$ 5 a quarter	$>$ 50 in one quarter	HOLDS	Revalue against severe downside (19)

Source: Workbook Monitoring dashboard 11C.

Takeaway: Each pillar maps to an indicator; two consecutive quarters below threshold break a pillar.

Exhibit 72 — 11B — Catalyst calendar

dates marked (est.) are estimates from prior years

Date	Event	Why it matters	Surprise
2026-10-27	StoneX Financial Inc. committed margin line (325) matures — renewal	FCM liquidity	Not renewed or materially dearer
2026-11-25	Q4 FY2026 and FY2026 results (Koyfin: after close)	First test of normalisation (question 1); synergies at 45–46 run-rate	NOR $\geq$ 700 and margin $\geq$ 21 % (against us) / NOR $<$ 650
2026-11-30	10-K FY2026 (est.): ICFR (material weakness FY2025), acquisition note, covenant levels after the 23 Jun 2026 amendment	Material weakness should be remediated	A new material weakness
2026-12-31	RJO synergies at USD 50m run-rate "by probably end of first quarter" FY2027 (est.)	FY2027 cost base (1,345)	$<$ 45 run-rate
2026-12-31	Buyback authorisation of 5m shares (28 Aug 2026): is it used? (est.)	Management's view of value	Buying above 60
2027-02-04	Q1 FY2027 results (est.)	Seasonally strongest quarter; first quarter with the Sep 2026 Fed hike in the float	NOR $<$ 680
2027-03-01	First call date of the 2031 notes (103.938) — refinancing window (est.)	7.875 % against current rates	—
2027-03-15	AGM and DEF 14A 2027 (est.)	EPP target (15 % ROE), insider sales	A higher ROE target

Date	Event	Why it matters	Surprise
2027-05-06	Q2 FY2027 results (est.)	Volatility regime one year after the Q2 FY26 peak	Physical < 70
2027-06-30	Banco Travelex: closing after Brazil's central bank approval (est.)	Payments/FX in Brazil; price not published	Price > USD 100m
2027-08-05	Q3 FY2027 results (est.)	Float and yield	Yield < 2.4 %
2027-11-24	Q4 FY2027 results (est.) — settles the FY2027 thresholds in the falsification box	FY2027 NOR against 2,600 / 3,050	Outside the range

Source: Workbook Monitoring dashboard 11B; Koyfin (Q4 FY26 date); 10-K FY2025 (facility maturities); indenture 2031 (call date).

Takeaway: The 25 November report is the first decisive data point; FY2027 results (November 2027) settle the falsifiers.

So what for the valuation. The rating is reviewed at every report; a green NOR and margin print in two consecutive quarters moves the base towards bull and the rating to HOLD.

N · Conclusion, rating and decision rule

REDUCE. StoneX is a better business than its history of 17–20 % margins suggests, and after RJO it has the scale and float to keep ROTE near 25 %. We build that into the base. What we do not build in is FY2026's volatility and rate windfall as a permanent level, which is what the price of USD 60.10 — 3.4x tangible book, the highest in a decade — and consensus require. Our probability-weighted value is USD 53.90, the 12-month target USD 59; the stock fails the house return test (C 7.6 %) and the gain/loss ratio (0.48x), and trades above the HR-5 reduce level (USD 59).

Why REDUCE and not HOLD — the judgement, without the house tests. Three things, none of them a level: (1) the price is set on FY2026, a year with record volatility (physical commodities at 1.9x FY2025's full year in nine months) that management itself said not to extrapolate, and consensus carries it into FY2027; (2) the two cost lines that turn NOR into earnings are moving the wrong way in the latest quarter (variable compensation 33.9 %, fixed costs above the "flat" promise three years running), so the guidance end of the cost range is the optimistic case, not the central one; (3) the float yield, the one tailwind from the September hike, is already in our base at 2.85 % for the full horizon. Against that, the franchise is real and the gap is small — the guidance base is worth USD 62.10 and would make the stock a HOLD. REDUCE says: at USD 60.10 a holder is paid nothing for the normalisation risk; it does not say the business is impaired.

The rating is a judgement, not a mechanical output of the levels. It rests on **one assumption**: that FY2027 NOR is closer to USD 2.88bn than to USD 3.05bn. The breakpoint is where we would move: if the next two quarters run at $\geq$ USD 700m of NOR and a $\geq$ 21 % margin, the base moves towards the bull case and the rating to HOLD. Conviction is 2 because the evidence for normalisation is one quarter (Q3) and the base rate (FY2021), and because the volatility regime alone moves value by ± 16 %.

Exhibit 73 — Decision rule

USD per share

Item	Level / condition
Rating	REDUCE (conviction 2 of 5)
Target price (12 months, HR-1)	USD 59 (–1.8 %)
Fair value today (probability-weighted)	USD 53.90; base USD 55.55; range USD 51.40–60.10
Buy level (HR-7)	USD 47.50
Reduce level (HR-5, 8 %)	USD 59 today; $\approx$ USD 65 in 12 months
Upgrade to HOLD	Price below the reduce level (USD 59); or Q4 FY26 and Q1 FY27 show the guidance base — fixed costs $\leq$ USD 330m a quarter, variable compensation $\leq$ 30 % and float $\geq$ USD 17bn (base USD 62.10, target USD 63)
Upgrade to ACCUMULATE/BUY	Price below USD 47.50, or FY2027 NOR run-rate $\geq$ USD 3.05bn at $\geq$ 24 % margin
Downgrade to SELL	NOR $<$ USD 650m for two quarters with variable pay $>$ 32 %, or a credit loss $>$ USD 50m in a quarter, at a price above USD 55

Source: Billen Capital Research; HUSREGLER v1.10 (HR-1, HR-5, HR-7).

Takeaway: The decision rule is explicit: what we would need to see, at what price, to change the rating in either direction.

So what for the valuation. For the CIO: no position at USD 60; the first trigger of USD 52.50 is superseded by the HR-7 buy level of USD 47.50 on the full model. A house research view, not an order.

O · Owner's manual

StoneX is a middleman for people who need to manage price risk or move money across borders. A farmer selling wheat next year, a coffee roaster, a fund trading futures, a bank paying suppliers abroad — StoneX executes their trades, holds their collateral, lends them money against it and settles the payments. It earns a small fee on every trade and a spread on the cash its clients leave with it.

Three things drive the profit. First, how much clients trade, which rises when prices swing (2026 had big swings in metals and energy). Second, interest rates: clients keep about USD 16bn with StoneX, and StoneX earns the difference between what it gets on that money and what it pays the clients. Third, cost control: about 30 % of revenue goes to variable pay, and the rest of the costs have grown quickly with acquisitions.

The company is good. It has made more than its cost of capital in nine of the last ten years, it is the biggest independent clearing firm in the United States after buying R.J. O'Brien, and banks are stepping back from the business. The question is the price. The shares cost about 3.4 times the company's tangible equity, twice the average of the last ten years, because 2026 was an unusually good year. If 2027 looks like 2026, the shares are fairly priced. If 2027 looks more like a normal year — which is what has happened after past peaks — they are worth about USD 52.

What to watch: revenue per quarter (above USD 700m is good), the share of revenue paid as variable pay (below 31 % is good), the interest earned on client money (above 2.85 % a year is good), and any large client losses. The next results come on 25 November 2026. We would buy at USD 46 or below, or sooner if the next two quarters show that 2026's level is holding.

P · Unresolved questions and management Q&A

1. How much of 9M FY26 NOR came from RJO, and what is the organic growth of the legacy business (by product line)?
2. What is the run-rate of physical commodities NOR in a normal-volatility quarter after the vault, AMG and Integra?
3. How much of the float is pure spread, partly shared and unshared today, and what is the swap/term-investment coverage by maturity?
4. What are the covenant levels after the 23 June 2026 amendment, and how much excess capital can be up-streamed from SFI after the RJO merger?
5. What did Banco Travelex cost, and what return does management expect (36-month goodwill payback)?
6. Why has variable compensation risen to 33.9 % of NOR, and what is the expected ratio in a normal year?
7. Will the 5m-share authorisation be used below a stated valuation (book multiple, ROE)?
8. What is the status of the DOJ subpoena (BTIG matter) and the remediation of the ICFR weakness?

Missing from our sources: earnings presentations for Q4 FY2023, Q1 FY2024 and Q3 FY2024 (not available, CIO 9 Oct); broker research (none); a sustainability report; the June 2026 credit agreement amendment. None changes a number in the model; the covenant levels would refine Section G2.

So what for the valuation. Questions 1–3 decide FY2027 NOR and the float yield — the two largest drivers; they are the agenda for the Q4 FY26 call.

Q · Portfolio fit (SEK holder)

For a SEK-based holder StoneX would add US financial-sector exposure with a high beta to market volatility — it earns more when markets swing, which partly hedges an equity portfolio in stress, but also to US short rates. It overlaps with Marex (covered by Billen Capital, same business model and the same volatility and rate drivers): owning both would concentrate one factor. The USD/SEK exposure is unhedged in our numbers; TSR in SEK equals TSR in USD plus the currency move. At USD 60 the expected five-year return in USD (7.6 % a year) is below the house hurdle before any currency effect; no position is proposed. If the price reaches the buy level, a starter position should be sized against the existing Marex exposure rather than on its own merits.

So what for the valuation. No allocation at the current price; StoneX and Marex should be treated as one risk bucket (volatility and rates) in the CIO's concentration review.

Appendices A1–A10

A1 · Grind B: the finished model against primary sources

Exhibit 74 — Grind B — ten figures from the finished model

USD m unless stated

Figure	Model	Primary source value	Document · page	Result	Tab · cell
Senaste årets intäkt	2,052.80	2 052,8 (NOR FY2025; StoneX analysmått — totala intäkter 132 378,2 står i Börsdata)	10-K FY2025 (PDF) s. 77 (resultaträkningen) och s. 39	OK	Segment KPIs!H15
Justerad EBIT senaste året	408.80	408,8 resultat före skatt FY2025 (bolaget trycker ingen EBIT; räntan är rörelsens)	10-K FY2025 (PDF) s. 77	OK	Historic P&L!H15
Kassa vid periodslut	2,194.30	2 194,3 kassa och likvida medel 30 jun 2026	10-Q Q3 FY2026 (PDF) s. 3	OK	Historic BS!I13
Räntebärande bruttoskuld	1,821.60	1 821,6 = lån under kreditlinjer 660,7 + säkerställda obligationer netto 1 160,9 (båda tryckta)	10-Q Q3 FY2026 (PDF) s. 3 och s. 24	OK	Historic BS!I17
Nettoskuld i EV-bryggan	0.00	Härledd: Historic BS I29 = 1 821,6 – 2 194,3 = –372,7 (båda tryckta, rad 19–20); DCF C23 = C19 neutraliserar (FCFE-lins, modul E) → bryggan 0	10-Q Q3 FY2026 (PDF) s. 3, 24; 03_Sector_Modules modul E	OK	DCF!C19 + C23
Leasingskuld	226.10	226,1 operationella leasingskulder (inte i bryggan; hyran i fasta kostnader)	10-Q Q3 FY2026 (PDF) s. 3	OK	Historic BS!I18
Minoritetsintressen	0.00	0 — balansräkningen har inget minoritetsintresse (totalt eget kapital 2 844,0 = moderbolagets)	10-Q Q3 FY2026 (PDF) s. 3	OK	Historic BS!I24
Antal aktier, utspädda	124.48	124 482 194 utspädda aktier, vägt Q3 FY26 (utestående 120 616 735 per 4 aug 2026)	10-Q Q3 FY2026 (PDF) s. 4 och s. 1	OK	Assumptions!B16
Segmentintäkt största segmentet	496.20	496,2 värdepapper (största produktlinjen i NOR FY2025)	10-K FY2025 (PDF) s. 43	OK	Segment KPIs (rad 8 inkluderar; motorn E.A25[sec])
Kassaflöde från löpande verksamhet	3,857.90	Härledd: 4 388,3 (FY2025) – 858,9 (9M FY25) + 328,5 (9M FY26) = 3 857,9 R12 (alla tre tryckta)	10-K FY2025 (PDF) s. 79; 10-Q Q3 FY2026 (PDF) s. 6	OK	Historic CF!I6 (Börsdata V49)

Source: Workbook Verification log rows 17–26; checked against the PDF pages on 9 Oct 2026, not from memory.

Takeaway: Ten of ten figures agree with the primary source; derived figures show every printed component. GRIND B: GODKÄND.

A2 · Model map

Exhibit 75 — Where each number lives

workbook tabs and engine files

Tab / file	Content
Assumptions	Volume × price by segment slot (float, listed, other), margins, τ via "growth capex", tax, notional payout
Forecast P&L / FCF build	NOR → pre-tax → net income; FCFE; ROTE (row 15) and ROIIC (row 19)
WACC / DCF	Ke three views (WACC = Ke); FCFE at Ke; bridge neutralised; terminal Gordon (f = 0) on the tab, HR-12 fade in the engine
Exit multiples	P/pre-tax and P/E exits at years 5 and 10; anchors; justified multiples in notes; owner view
Reverse DCF / Expectations	Price, 52-week low and high solved on the engine; CAP; six drivers
Scenarios / Required return	Five cases (value today), Ke row at default, HR-1 target, HR-2 C and A, HR-6 ratio
Monitoring dashboard	11A quarterly estimates, 11B catalysts, 11C pillars, 11D twelve indicators with numeric thresholds
Verification log	Grind A (5/5), Grind B (10/10 GODKÄND), G5 evidence for every assumption > 5 %
Engine	03_Working/engine_SNEX.py (forecast, valuation, scenarios, reverse, CAP), aux_SNEX.py (tables), check_wb_SNEX.py (95/95 checks)

Source: StoneX_Group_Model_BillenCapital_2026-10-09.xlsx (template v3.3, module E adaptation in README rows 47–53).

Takeaway: The workbook is calibrated to the engine on 95 checks (DCF, exits, forecast, FCFE, scenarios, house tests).

A3 · Glossary

Exhibit 76 — Glossary

Term	Meaning
NOR	Net operating revenues: operating revenues less clearing fees, introducing-broker commissions and all interest expense (incl. corporate funding)
FCM	Futures commission merchant: a CFTC-registered firm that holds client margin and clears futures
Float	Average client equity in listed derivatives plus MMF/FDIC sweep balances
RPC / RPM	Revenue per contract / per million traded, as printed (gross); NOR rates in this report are net
ROTE / TBV	Return on tangible equity / tangible book value (equity less goodwill and intangibles)
τ	Required tangible equity per USD of NOR (0.738)
FCFE	Net income + amortisation of acquired intangibles – increase in required tangible equity
PVGO	Present value of growth opportunities: $1 - (NI \text{ next year} \div Ke) \div \text{market cap}$
CAP	Competitive advantage period: years of $ROIIC > Ke$ the price requires (HR-13)
f	Fade rate of excess returns per year after the forecast (HR-12)

Source: Billen Capital Research.

Takeaway: NOR, not gross revenue, is the operating top line of a broker.

A4 · Lifecycle (HR-14)

Phase: **Growth**, set as a financial company from ROE against Ke (above Ke in nine of ten years; average 15.3 %) and balance-sheet growth (tangible equity +19.4 % a year FY2015–25, no dividend). Cash-flow signs are not meaningful for an FCM (client funds dominate operating cash flow: +4,388 in FY2025, –24 in FY2023). Method per module E: residual income/FCFE at Ke with the HR-12 band; module and phase point the same way. File: 03_Working/SNEX_livscykel_2026-10-09.md.

A5 · F1 expectations brief (summary)

Run on 9 October 2026 with a separate model (Fable) on a 9.6 kB fact package without our scenarios or valuation (109,483 tokens). It concluded that no finite CAP with constant or falling excess returns reproduces the price, framed the two questions (post-RJO earnings power under normal rates and volatility; returns on retained capital) and proposed five thresholds, of which four are in our falsifiers and indicators ($NOR \geq 700$ a quarter; $ROE \geq 18\%$ / $< 14\%$; synergies ≥ 50 and fixed costs; float $\geq +7\%$ and float income ≥ 300). It changed no number; its " ≈ 35 USD with fade" uses a stricter fade of existing returns, shown as our RI check (USD 42.77 at $\omega = 0.8$). Full text: 02_Evidence/SNEX_F1_forvantningar_2026-10-09.md.

A6 · Sources

Exhibit 77 — Bibliography

retrieved 9 Oct 2026 unless stated

Title	Type	Period	Retrieved	Location
Börsdata export — StoneX Group Inc	Databasexport	2019–2025 inlänkade + R12 t.o.m. Q3 2026 (exporten innehåller 2007–2025)	2026-10-09	StoneX Group/01_Sources/MKT/SNEX-StoneX Group Inc.xlsx
10-K FY2025 (StoneX Group Inc.)	Årsredovisning	FY2025	2026-10-09	StoneX Group/01_Sources/AR/SNEX_2025-09-30_FY2025_10-K.pdf
10-K FY2017–FY2024	Årsredovisningar	FY2015–24	2026-10-09	01_Sources/AR/ (SEC EDGAR)
10-Q Q3 FY2026	Kvartalsrapport	Q3 FY2026 (30 jun 2026)	2026-10-09	01_Sources/QR/SNEX_2026-06-30_Q3-FY2026_10-Q.pdf
Pressmeddelanden (earnings releases) Q4 FY2023–Q3 FY2026	Pressmeddelanden	kvartal	2026-10-09	01_Sources/QR/
Resultatpresentationer Q2 FY2024, Q4 FY2024–Q3 FY2026	Presentationer	kvartal	2026-10-09	01_Sources/QR/
Transcripts Q4 FY2023–Q3 FY2026 + Midwest IDEAS aug 2024	Transcripts	kvartal	2026-10-09	01_Sources/TR/ (CIO:s nedladdning)
DEF 14A 2024–2026	Proxy	årsstämmor	2026-10-09	01_Sources/GOV/
Kreditavtalet (Restatement Agreement 3 jun 2025), indentures 2031 och 2032	Avtal	—	2026-10-09	01_Sources/GOV/
RJO: fusionsavtal, presentation, tillträdes-8-K	Förvärv	2025	2026-10-09	01_Sources/CMD/
Fiscal.ai: standardiserade räkenskaper, segment/KPI, konsensus, ägare, dagskurser, peers, nyheter	Databas (primär, UIP-037)	—	2026-10-09	01_Sources/MKT/SNEX_2026-10-09_FiscalAI_*.json
Koyfin: Actuals and Consensus, Price Target, Estimate Trends (CIO:s utskrifter)	Konsensus	—	2026-10-09	01_Sources/MKT/FireShot Capture 162–168

Title	Type	Period	Retrieved	Location
Konsensus samlad	Egen sammanställning	FY2026–29	2026-10-09	01_Sources/MKT/SNEX_2026-10-09_konsensus.json
CFTC Financial Data for FCMs (dec 2025, jul 2026)	Branschdata	—	2026-10-09	01_Sources/IND/
Damodaran: betas per bransch (jan 2026) och implicit ERP	Avkastningskrav	2026	2026-10-01	pages.stern.nyu.edu/~adamodar (husets USD-ERP, HR-10)
FRED: DGS10 och T10YIE 8 okt 2026	Räntor	2026-10-08	2026-10-09	fred.stlouisfed.org (förstudien)
F1 förväntningsbrief (Fable)	Intern	—	2026-10-09	02_Evidence/SNEX_F1_forvantningar_2026-10-09.md
Peers: Marex, BGC, Interactive Brokers, Virtu, Tradition, TP ICAP (årsrapporter)	Peer-rapporter	senaste år	2026-10-09	01_Sources/PEER/
Mäklaranalys	—	—	—	Saknas (CIO 9 okt: ingen mäklaranalys)

Source: Workbook Sources tab; company folder 01_Sources (_SOURCE_INDEX.md).

Takeaway: Primary sources are the company's SEC filings; Fiscal.ai is the primary database (UIP-037); no fallback sources were used.

A7 · House rules applied

HUSREGLER v1.10: HR-1 (12-month target = $\Sigma p \times \text{value} \times (1 + K_e) - \text{dividend}$, rounded to USD 1), HR-2 (C and A, one K_e for all cases), HR-3 (stub 92/365, terminal at stub + 8.5, exits at stub + 4 / + 9), HR-5 (reduce level rolls with K_e), HR-6 (gain/loss ≥ 2.0), HR-7 (buy level), HR-10 (rate and ERP from the same date), HR-12 (fade; band $f = 0 / 0.20 / 1$; RI check), HR-13 (PVGGO, CAP against $10 + 1/f$), HR-14 (lifecycle), HR-15 (ROIIC, SBC as cost, justified multiples, steady-state + moat split).

A9 · Quarterly key operating metrics

Exhibit 78 — Quarterly NOR by product line and operating metrics, Q2 FY2025 – Q3 FY2026

USD m; volumes as stated

	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Listed derivatives	60.3	56.9	95.2	118.3	144.9	121.2
OTC derivatives	60.2	58.8	58.7	63.1	119.0	101.9
Securities	120.8	125.5	148.1	157.5	157.7	171.3
FX/CFD	62.5	77.4	46.9	59.5	67.4	62.4
Payments	46.5	49.1	47.8	51.6	52.4	55.1
Physical commodities	48.6	33.3	49.7	135.4	164.6	87.4
Interest/fees on client balances	74.5	73.9	112.2	115.5	107.7	111.9
Other	22.5	24.3	42.5	54.9	36.9	48.3
Corporate	-8.6	-10.9	-16.0	-31.4	-21.5	-39.8
NOR	487.3	488.3	585.1	724.4	829.1	719.7
Pre-tax income	97.1	85.6	109.2	184.9	227.1	159.8
Listed contracts (m)	61.2	56.8	66.3	84.1	97.2	97.9
OTC contracts (000s)	897	1,018	985	1,007	1,507	1,924
Securities ADV (USD m)	8,915	9,219	9,471	10,615	12,066	12,263
FX/CFD ADV (USD m)	11,539	12,190	10,213	11,253	11,907	10,780
Payments ADV (USD m)	77	80	79	93	92	96
Float: client equity + sweep (USD m)	7,922	7,766	12,567	14,503	15,154	16,188

Source: Earnings releases Q2 FY2025–Q3 FY2026 (product NOR and key operating metrics; Q3 FY26 "Other" 48.3 and listed metrics read from the release text); Billen Capital Research calculation of net yield.

Takeaway: Every input to the FY2026 run-rate is visible quarter by quarter: the volatility lines peaked in Q2 FY26, the float and securities did not.

A10 · Data conflicts and decisions

Exhibit 79 — Conflict register: where sources disagree and what the model uses

USD m unless stated

#	Item	Values	Decision
K1	Equity 30 Sep 2025	2,377.4 printed vs 2,309.4 Fiscal.ai	Printed figure; Fiscal.ai balance sheet not used without a PDF check (FY2025 ROE 15.0 %)
K2	Revenue FY2025	Total revenues 132,378 vs operating revenues 4,127 vs NOR 2,053	NOR is the analytical top line; total revenues (physical sales) are not used
K3	"Operating income"	Börsdata 1,897.8 vs pre-tax 408.8	Not used: interest is an operating cost for an FCM; earnings measures are NOR, net contribution, pre-tax
K4	Debt	Corporate funding 1,350.9 vs Fiscal.ai short-term debt 18,656.8 (repo)	Module E: no EV bridge; corporate interest sits in NOR; leverage shown as funding ÷ equity = 0.47
K5	Cash	Cash 2,194.3 vs segregated 6,270.6 vs Fiscal.ai 22,091.1	No cash added to value; surplus capital tested against requirements (K9)
K6	Share count	Outstanding 120.62m vs diluted weighted 124.48m	Per-share values on 124.48m diluted; P/TBV on outstanding; history split-adjusted (four 3-for-2 splits)
K8	Deferred and contingent consideration	In liabilities	Already in equity; re-measurement is a P&L cost, not a value adjustment
K9	Regulatory capital	Subsidiary requirements vs equity	Implemented as required tangible equity $\tau = 0.738 \times \text{NOR}$ (the June 2026 ratio, which carries the buffer); covenant stress in G2
K11	Leases	ROU liability	Rent in fixed costs; lease liability not treated as debt
K12	Acquisitions in the LTM	RJO from Q4 FY2025	LTM ROE on average equity, flagged; RJO contribution not reported separately — historical incremental equity return (19–20 %) shown instead; open question in P
K13	ROE definition	Company vs house	House: simple average of period ends; company figure shown alongside
K14	Buyback authorisation	5.0m shares for FY2027 (8-K)	Not modelled as a use of FCFE (notional payout instead); catalyst in 11B

Source: Company folder 02_Evidence/SNEX_KONFLIKTREGISTER.md (analys-underlag, 9 Oct 2026) against 10-K FY2025 and 10-Q Q3 FY2026; K7 and K10 (no minorities, pensions or associates) resolved with no item.

Takeaway: Every disagreement between the filings and the databases was decided before modelling; none is left open in the valuation.

A8 · Disclaimer

Disclaimer. This report is produced by Billen Capital Research for private investment purposes. It is not investment advice, an offer, or a solicitation to buy or sell any security, and it takes no account of the objectives, financial situation or needs of any recipient. The analysis reflects judgements and estimates as at the date shown, which are subject to change without notice. Information has been obtained from sources believed to be reliable, principally the company's own published disclosures; no representation is made as to its accuracy or completeness, and figures marked [BCR est.] are estimates rather than reported data. Forecasts are inherently uncertain and actual outcomes may differ materially. Past performance is not indicative of future results. The author's position in the securities discussed is disclosed on the cover page. Recipients should form their own view and, where appropriate, seek independent advice.

Self-audit and red-team record

Output. 79 numbered exhibits (23 charts, 56 tables), each with title, units, source line and takeaway. Workbook in template v3.3 (inputs only; formulas untouched; no rows or tabs added); the engine reproduces it in 95 of 95 checks. Grind A 5/5, Grind B 10/10 GODKÄND, G5 every item above 5 % evidenced. The DCF tab stays on Gordon (the $f = 0$ end of the HR-12 band); the base with the industry fade sits on Scenarios row 'Värde per aktie'. House rules HUSREGLER v1.10. Life-cycle phase: growth (HR-14, set for a financial from ROE against K_e and balance-sheet growth).

F1 (HR-13). Expectations brief by a second model (Fable) from a 9.6 kB fact pack without our scenarios or value; 109,483 tokens. It set the two questions (post-RJO earnings power under normal rates and volatility; returns on retained capital) and changed no numbers.

F2 red team (HR-13 v1.8). A second model (Fable) received a 61.7 kB package — the trimmed case file, the engine outputs, the band, the K_e grid, the rate grid, the G5 list, the rendered summary and the house-rule extracts — and raised 15 objections (3 KRITISK, 9 STÖRRE, 3 MINDRE; 165,008 tokens). Deviation from the skill: the red team read the package from a single file instead of having it pasted into the prompt; it was told to read nothing else, so it did not have the corpus. We accepted 5, accepted 6 in part and rejected 4. The one model change (F2-4: the float yield held at 2.85 %) moved the base from USD 54.27 to 55.55, the weighted value from 52.96 to 53.90, the target from USD 58 to 59, the buy level from 47.00 to 47.50 and the reduce level from 58 to 59; the rating (REDUCE) and conviction (2) are unchanged, now argued as a judgement (F2-3). One question goes to the CIO: whether module E financials should use a residual-income persistence ω as the house method instead of the HR-12 fade (F2-2), which would lower the values further.

ID	Sev.	Objection	Verdict	Reason and what changed	Effect
F2-1	KRITISK	The base sits below guidance on four co-varying lines (fixed costs, variable pay, float growth, float yield)	Partly accepted	Guidance base computed and shown (Exhibit 64): fixed costs 1,310, variable 30 %, float +8 % → base USD 62.10, target USD 63, HR-6 0.67x; it is the HOLD trigger in the decision rule. Base kept: fixed costs grew 9–14 % a year FY2023–25 against a 'flat' promise and Q3 FY26 variable pay was 33.9 %, so the guidance end is the favourable case. The float yield (fourth line) is changed under F2-4.	Rating reason; decision rule
F2-2	KRITISK	Module E method undecided: HR-12 fade or residual income with its own ω	Rejected	StoneX is valued as 'other financials' with the HR-12 industry $f = 0.20$ and the bank construction of Fas 6 (fade on returns at the exit); the v1.9 exception is for models whose persistence parameter is the house method (insurers). ω is shown as a check: ω 0.9 USD 46.18, 0.8 USD 42.77. The $\omega = 1$ vs $f = 0$ gap (USD 0.67) is the reinvestment rate: RI grows residual income at g on average ROTE, the fade terminal reinvests g/r at ROIIC (24.5%). Under ω the rating would be more negative, not different in sign. Flagged for the CIO (Marex precedent).	None; CIO question
F2-3	KRITISK	The rating follows mechanically from HR-9 group 3	Accepted	REDUCE argued without the house tests in Section N (FY2026 priced as a base; cost lines moving the wrong way; the rate tailwind already in the base) and on the cover; HOLD trigger stated (price below the reduce level or the guidance base confirmed in Q4 FY26–Q1 FY27). House practice: price above the HR-5 level with group 3 = REDUCE (Protector, Visa, Alphabet, Microsoft).	Text, cover, decision rule
F2-4	STÖRRE	K_e takes high rates (UST 5.22 %) while the float takes low ones (2.70 % from FY2028)	Accepted	Net yield on float held at 2.85 % for the whole horizon (FY2027 level, consistent with the Treasury in K_e and the September hike); bull 3.00 %, blue-sky 3.05 %. Base 54.27 → 55.55; weighted 52.96 → 53.90; target 58 → 59; buy 47.00 → 47.50; reduce 58 → 59. Linked rate shocks shown in Exhibit 64 (UST –100 bp and yield –0.5 pp: USD 57.22).	Model change
F2-5	STÖRRE	FCFE assumes a notional payout of ≈ USD 4.7bn; r on tangible capital ignores goodwill	Partly accepted	Rejected in substance: retained FCFE earning K_e is value-neutral, so the notional payout does not inflate value; StoneX is not a serial acquirer under module I. Accepted in part: the historical return on all incremental equity including goodwill (19–20 %, FY2016 → 25 and FY2021 → 25) is now shown (summary, claim 4), with the caveat that RJO's USD 0.66bn of goodwill and intangibles is not yet in that record; open question in P.	Text
F2-6	STÖRRE	HR-6 and the HR-7 buy level are calibration tests of the tails	Accepted	Tail sensitivity in Exhibit 64: blue-sky at USD 85 → HR-6 0.40x, buy USD 47.00; blue-sky weight to bull → 0.37x, buy USD 46.50. The buy level moves ≤ USD 1.	Disclosure
F2-7	STÖRRE	Bull and blue-sky use $f = 0.15 / 0.10$ and r above their own ROTE	Partly accepted	Effect shown (Section J, Exhibit 64): at $f = 0.20$ bull USD 77.20, blue-sky USD 101.05, weighted value –USD 0.22, target unchanged. Moat argument written (non-bank FCM consolidation, bank retreat; Section D). r above average ROTE explained: t constant, so incremental NOR needs the same capital per dollar while operating leverage lifts the incremental margin.	Text

ID	Sev.	Objection	Verdict	Reason and what changed	Effect
F2-8	STÖRRE	Bear margin 16.3 % is below every FY2022–25 year	Rejected	Pre-tax/NOR was 13.4–18.1 % in FY2015–21 outside the 2020 spike (FY2016 16.4 %, FY2019 17.0 %, FY2021 13.4 %); the bear sits inside the ten-year range, not below it. Bear costs do respond: fixed costs 1,330 (vs 1,345) growing 3 %, variable 30 %.	None
F2-9	STÖRRE	"Severe" is a volatility collapse plus permanent damage, not a USD 150m credit loss	Partly accepted	Definition clarified everywhere (indicator note, falsifier 5, K2): severe = USD 150m loss in FY2027 + short rates towards 1.5 % (float yield 1.4–1.8 %) + low volatility, with ROTE ≈ Ke as in FY2016–18. Weight 8 % kept: it prices the combination, of which the credit event is one of three legs.	Text
F2-10	STÖRRE	Variable compensation is red (33.9 %) but the base takes 30.5 %	Rejected	Variable pay was 28.2–34.2 % of NOR in FY2015–25 (median 31.0 %) and 28.7–29.8 % in FY2023–25 after the scale step; guidance 29–30 %. The bonus pool is tied to ROE (DEF 14A: 100 % at 15 %, 162 % at 20 %), so a peak-ROE quarter carries a peak ratio. 30.5 % sits between FY2023–25 and 9M FY26 (31.2 %); ±1 pp is in G5 (±4.4 %) and the red indicator and falsifier 4 watch it.	None
F2-11	STÖRRE	Inconsistent figures between case, engine and text (2,860; 714; –3 %; 3.0 %; r = 0.2400005)	Accepted	Pillar, indicator note, decider and summary now read the engine (FY2027 NOR 2,884, –2 % on FY2026E, CAGR 4.0 %). r was computed, not pinned: $114.95 \div 478.95 = 0.2400$ (now 0.2447 after F2-4). Equal Q3 and Q4 quarters FY2027–29 are the documented 25/26/24.5/24.5 % seasonal split [assumption], not an artefact.	Text
F2-12	MINDRE	The Q4 FY26 falsifier is too narrow; our own Q4 estimate reads amber	Accepted	"What would make us wrong" point 2 now requires two consecutive quarters at the FY2027 bull run-rate ($\geq$ USD 760m and $\geq$ 24 %); USD 700m stays an indicator.	Text
F2-13	MINDRE	$r = \max(\text{ROIIC}, \text{Ke})$ is a floor not in HR-12; CAP vs benchmark	Partly accepted	Disclosed: the unfloored five-year ROIIC is 2.2 % in bear and –12.4 % in severe, depressed by margin erosion inside the forecast; the HR-12 formula needs $r > g$, and $r = \text{Ke}$ makes post-FY2035 growth value-neutral. CAP: base 16 years against a benchmark of 15 is the HR-13 v1.10 comparison and agrees within a year.	Disclosure
F2-14	MINDRE	PVGO 25 % is normal for a 25 % ROTE compounder; the 1.8x median is from a lower-ROTE era	Partly accepted	The cover now says the ten-year median P/TBV was set in a decade of 15 % average ROE. PVGO stays at the house Ke (HR-13); at the price's implied Ke it is ≈ 18 % (red-team figure). "Pays for its best year" refers to FY2026 earnings as the base of consensus, not to PVGO.	Text
F2-15	MINDRE	Tax rate jumps; share counts mixed	Rejected	Q4 FY26 at 23 % follows the 9M FY26 effective 22.8 %; FY2027+ 24 % is an assumption between FY26 and FY2023–25 (G5 ±2 pp = ±2.7 %). Share counts per conflict K6: values per share on 124.48m diluted, P/TBV on 120.62m outstanding; both are labelled on the cover.	None

\$21 SELF-CHECK

\$21 item	Done	Where
Security structure and cash path stated	Yes	A0; Exhibits 2, 3
Order-to-cash timing mapped	Yes	A2; Exhibit 4
Recurring vs transactional split quantified	Yes	A2; flag line (share of FY2028E NOR not contracted)
Unit economics shown	Yes	C4; Exhibits 17, 18
Growth initiatives evidenced vs aspirational, TP dependency stated	Yes	C5; Exhibit 19 (RJO revenue synergies credited at zero)
Reconciliations produced	Yes	F3; Exhibit 29; owner earnings vs DCF in the workbook
Forensic screens computed with caveats	Yes	F2; Exhibit 28 (adverse ICFR opinion FY2025)
Owner earnings derived and reconciled to the DCF	Yes, explained	Workbook Owner earnings B23–B26: the gap to the $f = 0$ DCF is growth above inflation (= PVGO), flagged FÖRKLARA
Covenant headroom and leverage stressed	Yes	G2; Exhibits 33, 34 (TNW covenant, severe case by quarter)
Per-share progression and buyback discipline shown	Yes	G3; Exhibit 35
Management said-versus-delivered scored	Yes	G4; Exhibit 36
Latest period's new facts quantified	Yes	H0; Exhibit 37
Market expectations (PVGO, CAP) and variant perception stated	Yes	H1; Exhibits 38, 39; I1 Exhibits 49, 50
Base rates derived and applied to the scenario probabilities	Yes	I3; Exhibit 56; weight tests Exhibit 65
Five scenarios incl. severe, with capital needs and TSR	Yes	J; Exhibits 57–59; K2 Exhibits 67, 68
Permanent-impairment paths enumerated	Yes	K2; Exhibit 67
Required-return prices at three hurdle rates	Yes	Workbook Required return rows 6–10 (8 / 10 / 12 %)
Fair value presented as a range	Yes	Cover; Exhibits 47, 51
All five end-points valued with anchors	Yes	I2; Exhibits 51–54
Perpetuity cross-checked against the multiple	Yes	I2; Exhibit 53; workbook Exit multiples rows 92–93
HR-12 band and terminal split shown	Yes	I; Exhibit 47 and the band line on the cover
Ke grid with break-points (Fas 5A)	Yes	I; Exhibit 48 (HR-2 at $\text{Ke} \leq 8.46\%$, buy level at 8.04%, implied 9.27%)
P/E views discounted at Ke with no EV bridge	Yes	I2; workbook Exit multiples (template v3.3)
Five-year holding return vs hurdle	Yes	Exhibit 60: HR-2 C 7.6%, A 6.1% against 10 %
8–12 core indicators with levels and thresholds	Yes	M; Exhibit 70 (twelve, three thresholds each, incl. implied Ke)
Dated catalyst calendar	Yes	M; Exhibit 72

§21 item	Done	Where
Owner's manual in plain language	Yes	O
Unresolved questions and management Q&A	Yes	P
Portfolio-fit section	Yes	Q
Conflict-register decisions recorded	Yes	A10; Exhibit 78
Gate A and Gate B zero failures	Yes	A1; Exhibit 74 (Grind A 5/5; Grind B GODKÅND 10/10)
Verification log complete (G5)	Yes	Workbook Verification log rows 33+: evidence for every item above 5 %
Rendered PDF passes the page-break check (\$1B)	Yes, with one exception type	pdfplumber check: no heading ends a page; short pages end a section before a forced new-section page
PDF and workbook agree to the unit	Yes	Workbook = engine in 95 of 95 checks; report numbers read from the recalculated workbook and the engine

Weakest links. (1) FY2027 NOR rests on one quarter of evidence for normalisation (Q3 FY26) and one base rate (FY2021). (2) The cost lines: the guidance base alone would make the stock a HOLD. (3) RJO's separate earnings contribution is not disclosed, so returns on the acquisition cannot be measured yet. Not obtained: broker research (none available) and the Q4 FY2023, Q1 FY2024 and Q3 FY2024 results presentations (the CIO saved transcripts and a longer Q2 FY2024 deck; the rest of the corpus is SEC filings, releases and Fiscal.ai data).