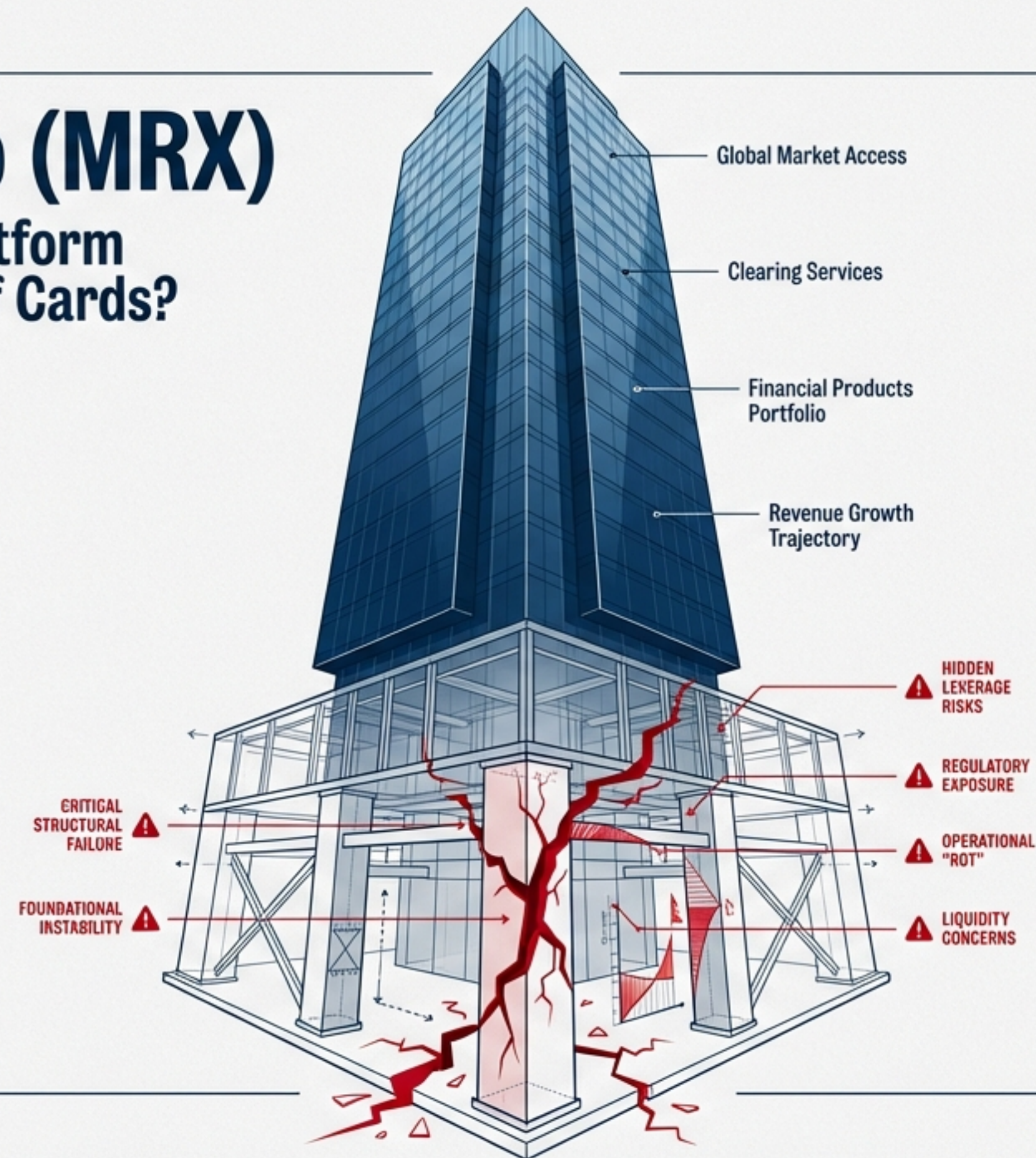


Marex Group (MRX)

The Middle Market Platform or a Financial House of Cards?



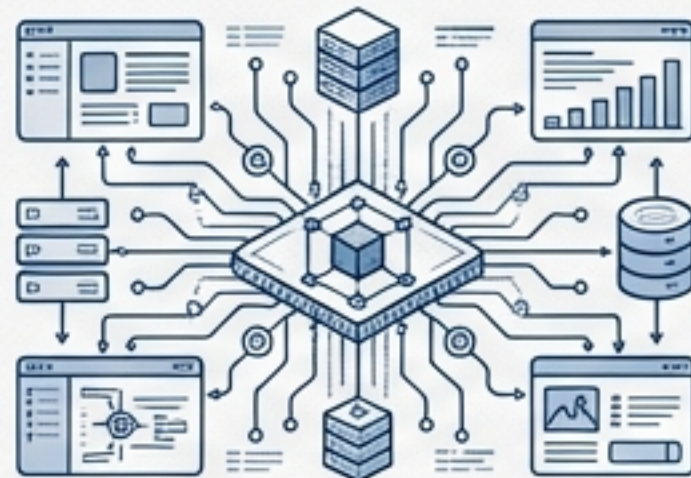
Investment Analysis & Forensic Review

Initiating Coverage: **SELL / AVOID**

THE NARRATIVE

Structural Growth Story

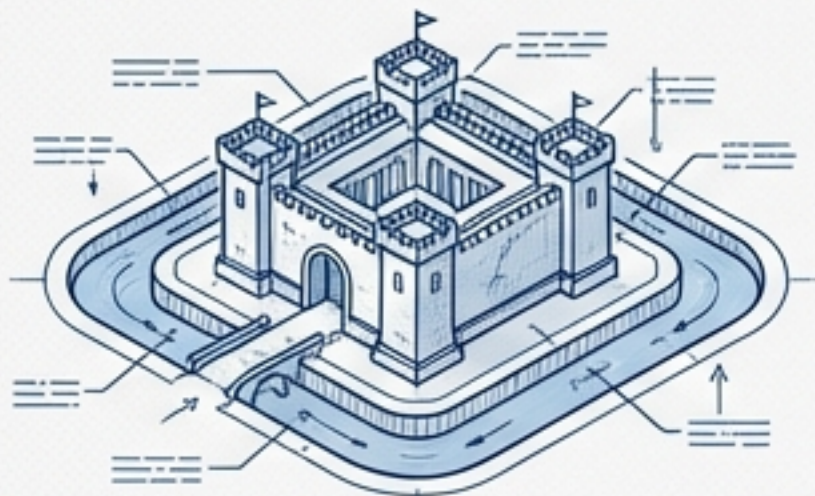
Built on sound foundations for sustainable future expansion.



Platform Model

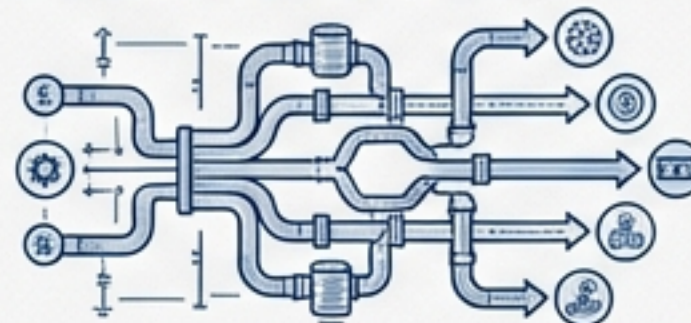
Integrated ecosystem driving network effects and scalability.

Middle-Market Moat



Defensive competitive advantage in a specific, resilient segment.

Diversified Revenue



Multiple income streams reduce reliance on any single source.

THE REALITY

Rate-Dependent Roll-Up

Growth solely fueled by volatile interest rate environments, not fundamental strength.



Artificial NII Boost



Artificial NII Boost

Net Interest Income inflated through unsustainable methods, masking core weakness.

Accounting Irregularities



Financial statements contain anomalies, red flags, and potential misrepresentations.



Off-Balance Sheet Risk

Significant risks and debts are concealed, posing severe, unrecorded threats.

THE VERDICT

RATING: SELL / AVOID

TARGET PRICE: ~\$22.00 (Current ~\$40.00)

THE BULL CASE: FILLING THE MIDDLE MARKET VACUUM



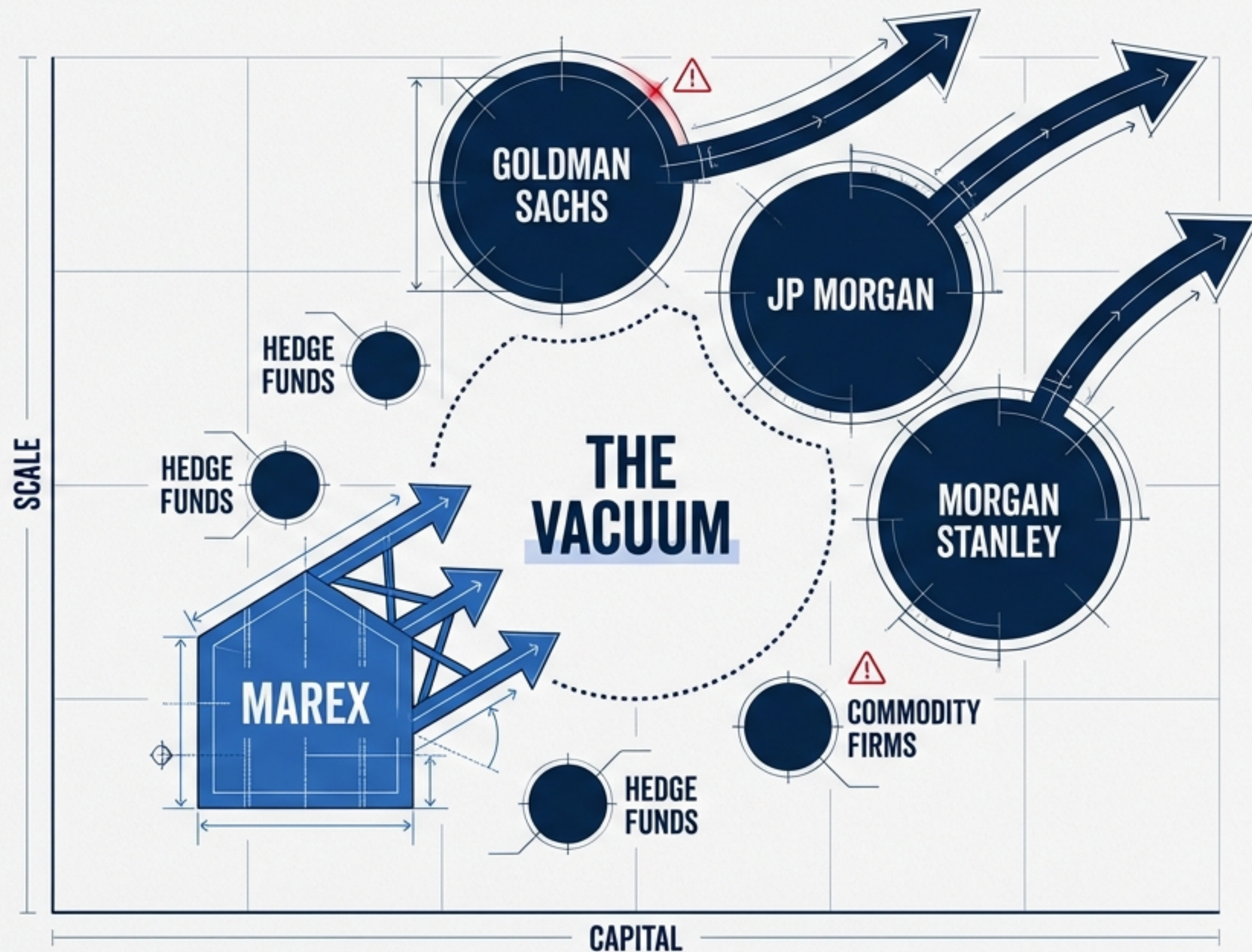
Opportunity: G-SIBs de-risked post-GFC, leaving mid-market clearing ROE-dilutive



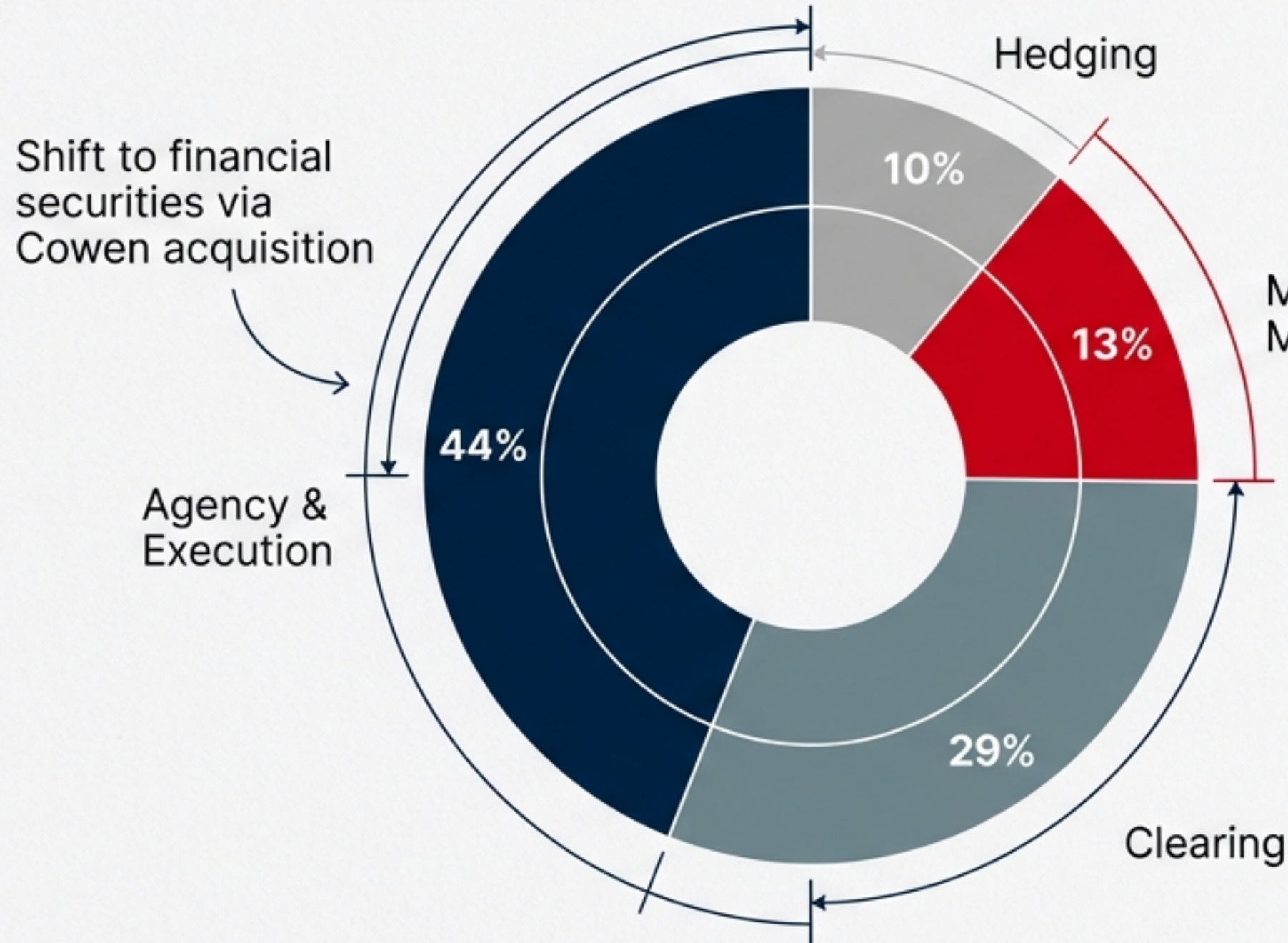
Moat: High barriers to entry via licensure and capital requirements



Pitch: Capturing displaced volume with a high-touch service model



A Shift from Agency Brokerage to Principal Risk

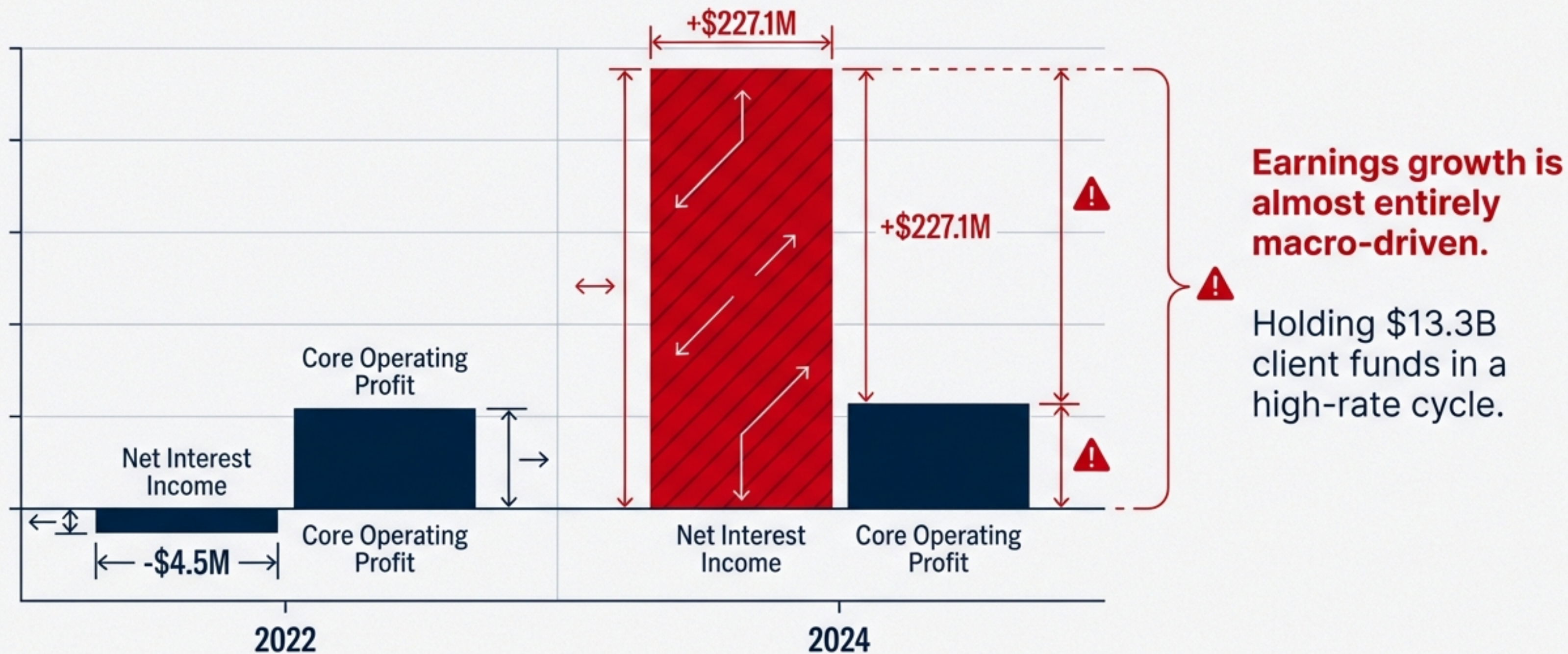


PRINCIPAL RISK

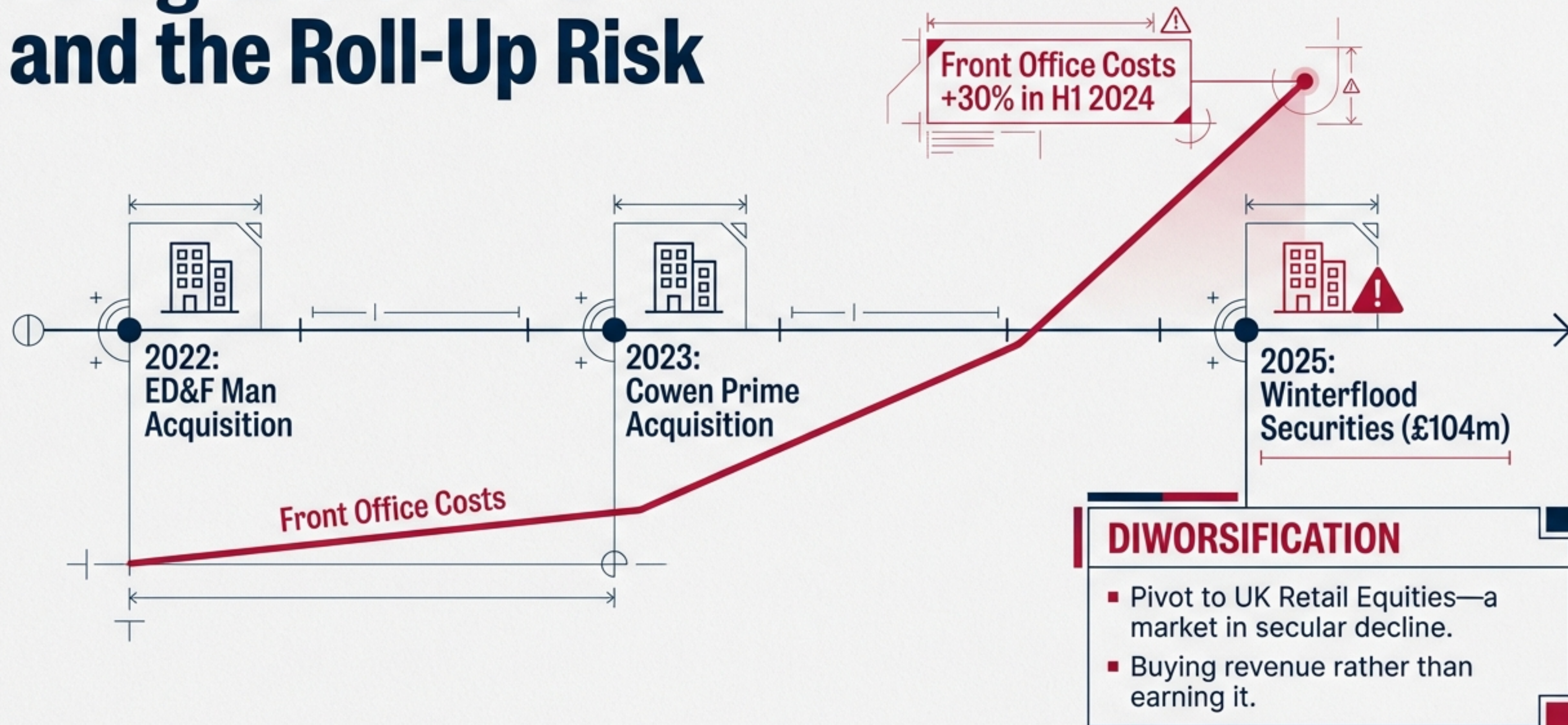
Marex holds inventory here.
Volatile earnings.

Record profits in 2024 (Russian metals) -> 16% drop in Q3 2025.

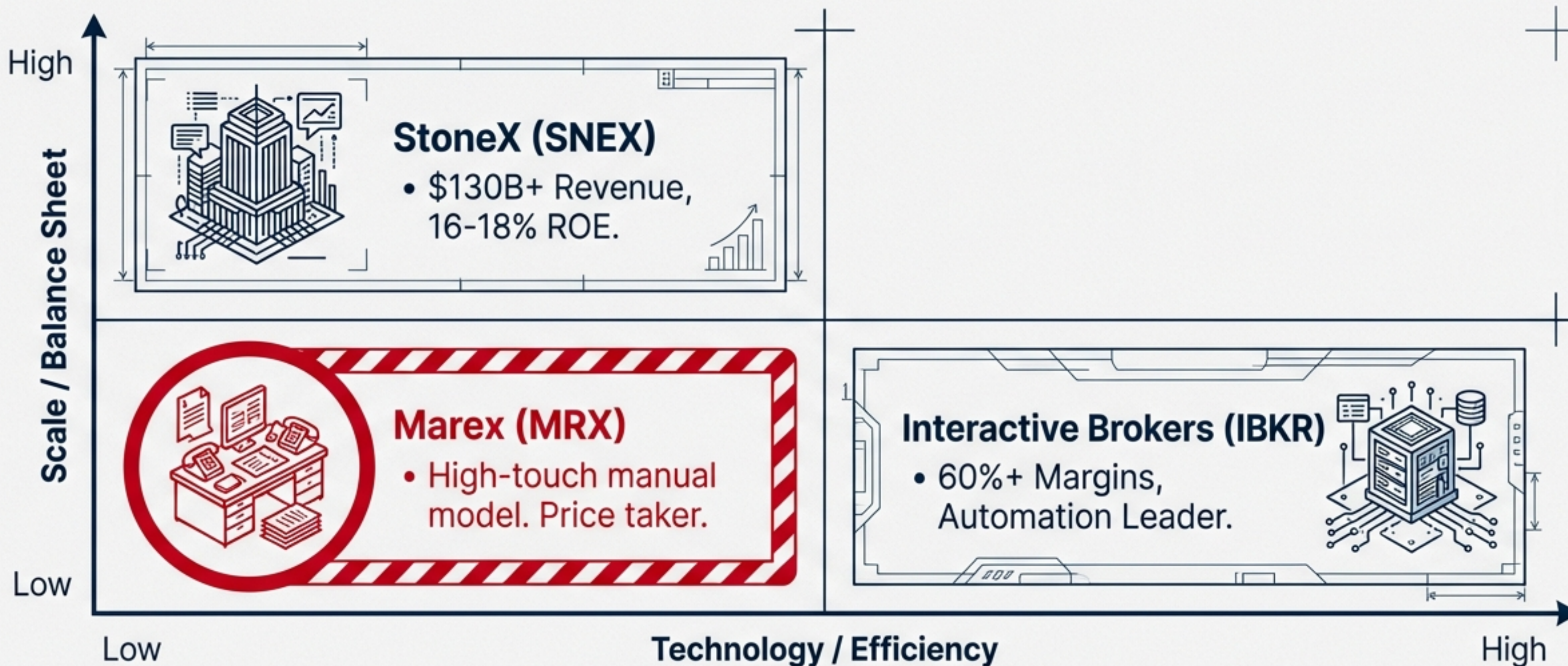
THE PROFITABILITY MIRAGE: NET INTEREST INCOME DEPENDENCE



Inorganic Growth and the Roll-Up Risk



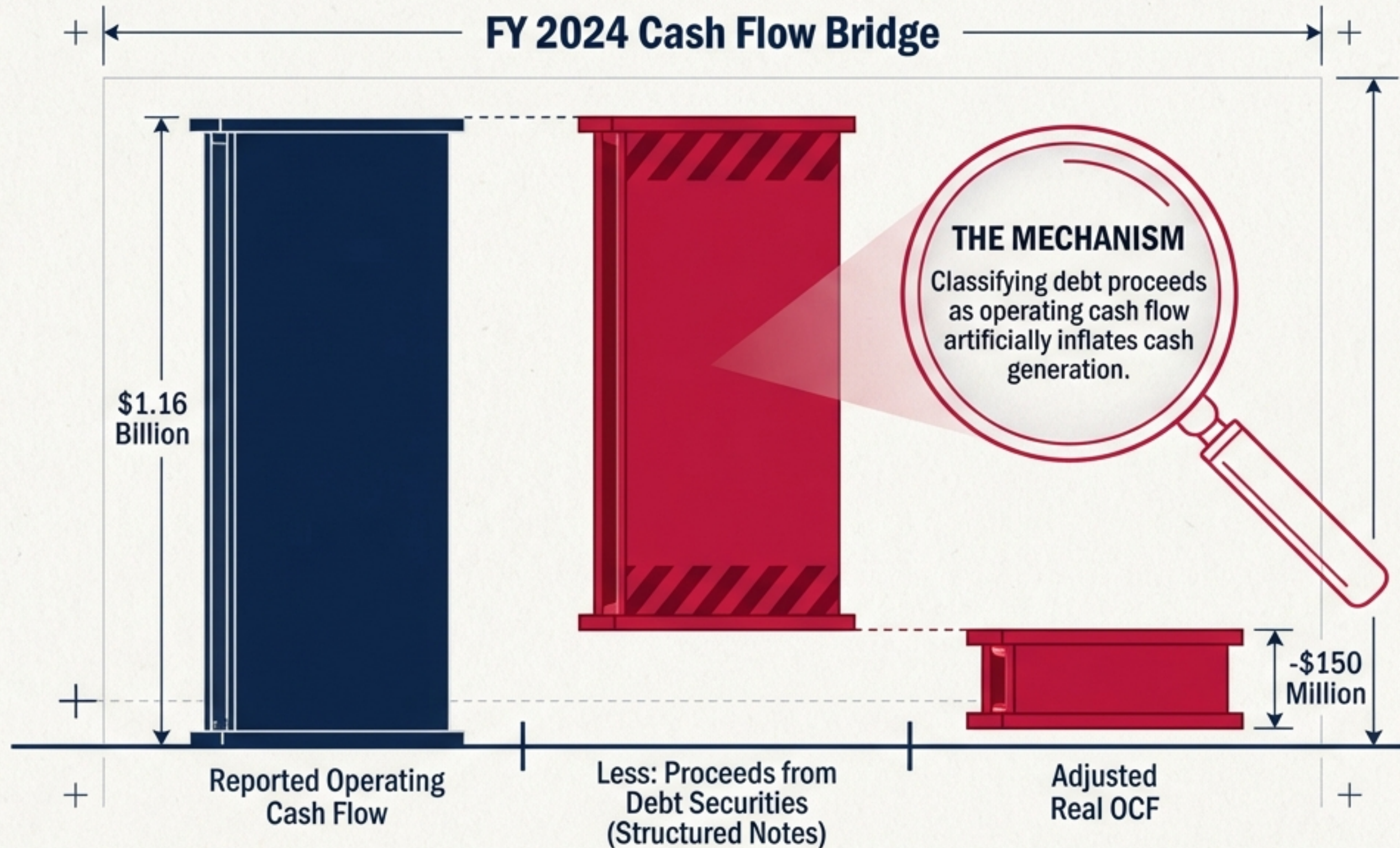
Squeezed Between Scale and Technology



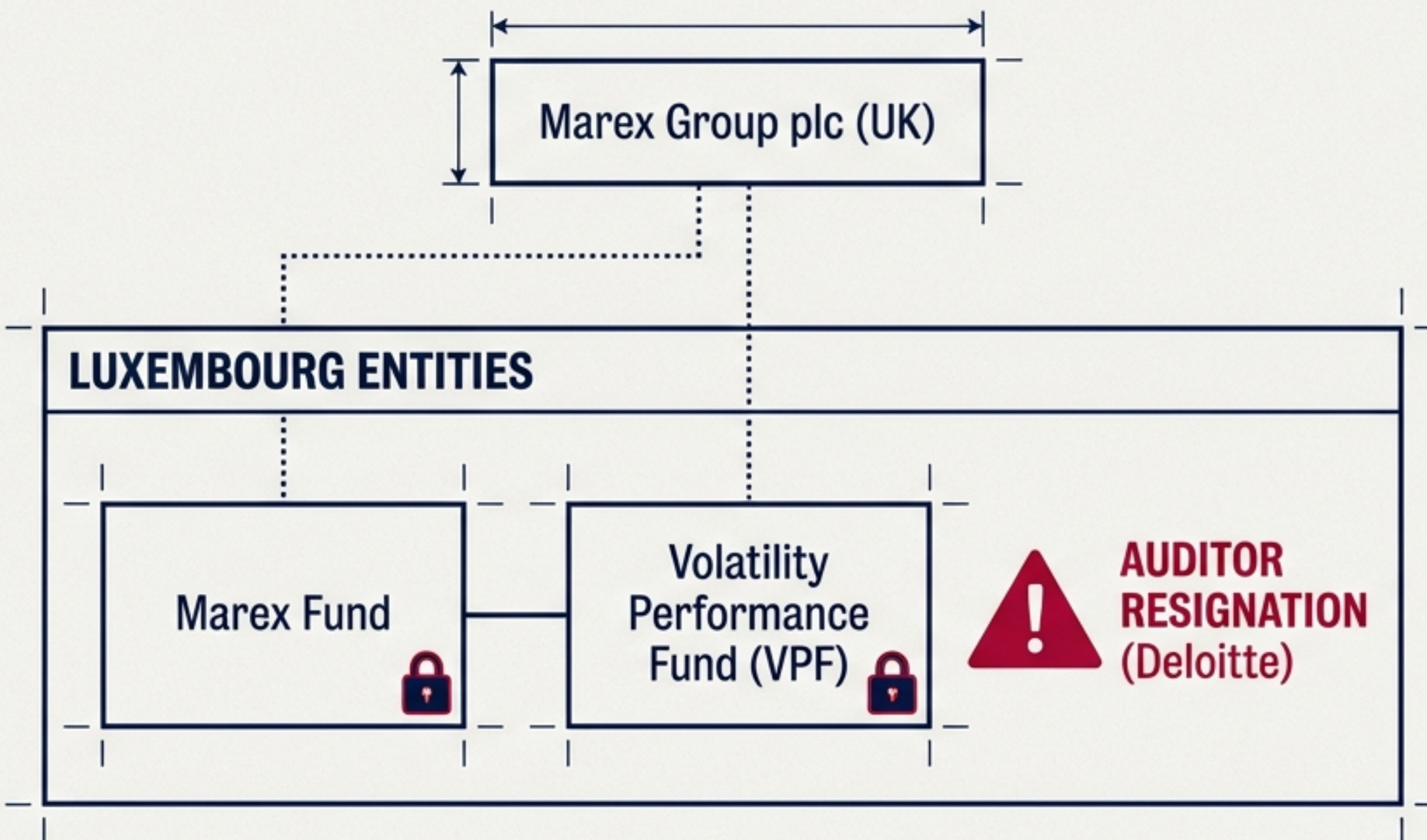
KEY INSIGHTS

- ⚠️ Marex lacks the scale of StoneX and the efficiency of IBKR.
- ⚠️ No economic moat, only a regulatory one.

Engineering Operating Cash Flow

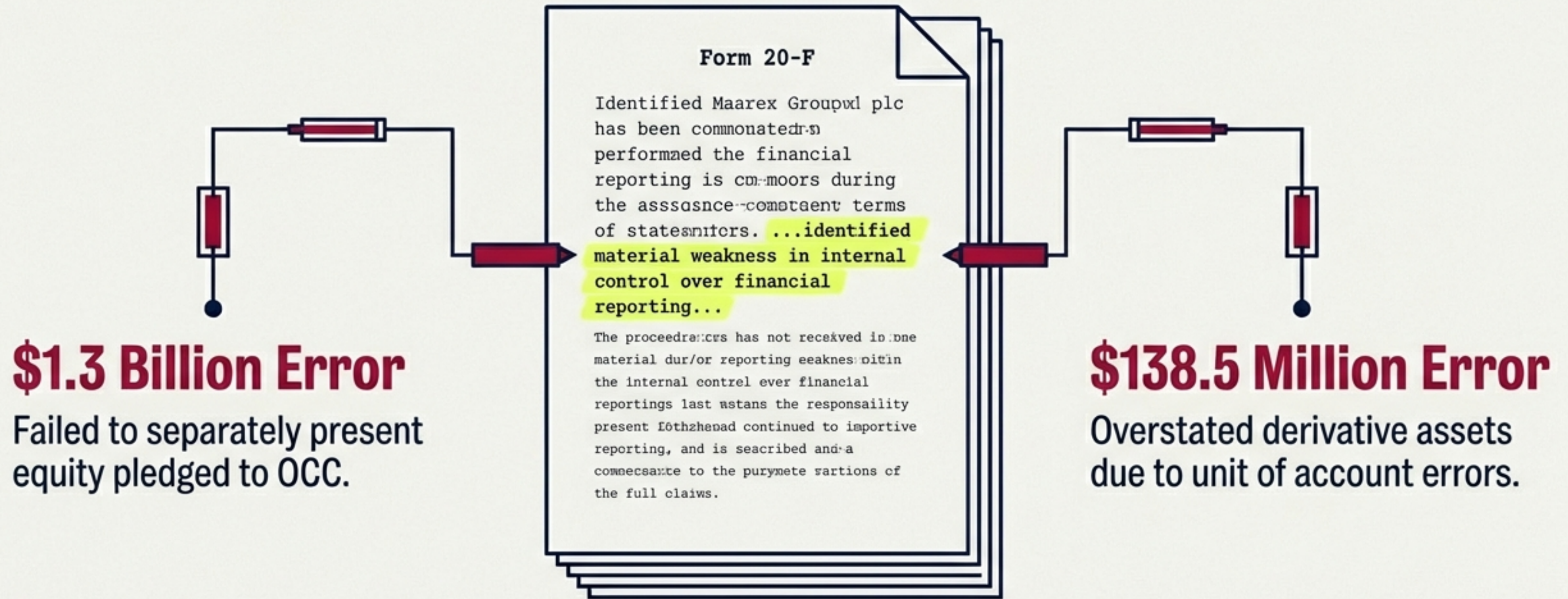


The Luxembourg Black Box



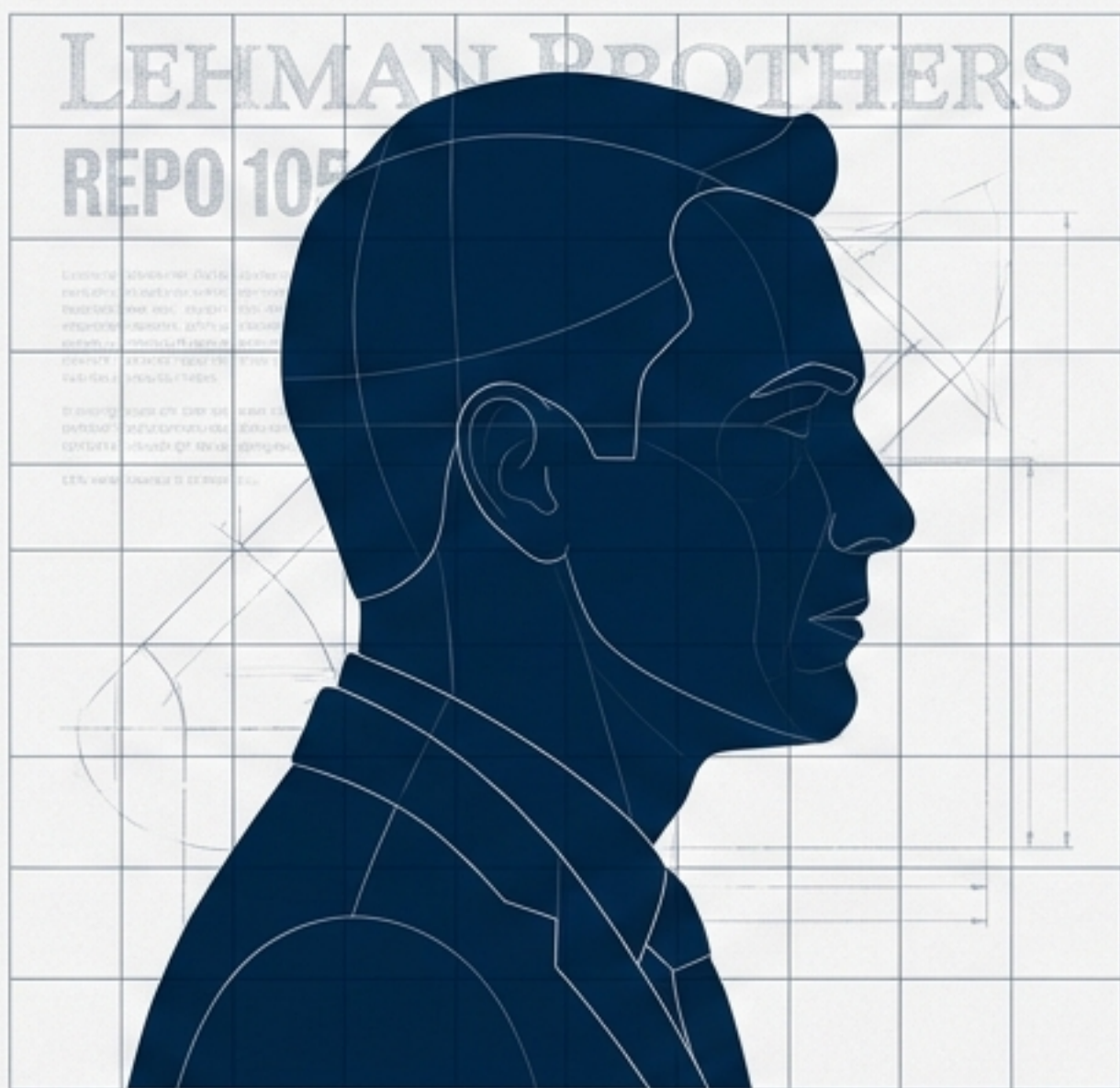
- Allegation: **Hidden leverage** via unconsolidated entities.
- The Bailout: **\$27m internal bailout** of VPF to **hide losses** before IPO.
- The Risk: **\$1B in derivatives** left **unaudited** during critical periods.

Admitted Material Weaknesses in Internal Controls



For a clearing firm, failing to track pledged assets is a fundamental risk management failure.

Pattern Recognition: The Lehman Shadow



Ian Lowitt (CEO)

Former CFO of Lehman Brothers (2008).

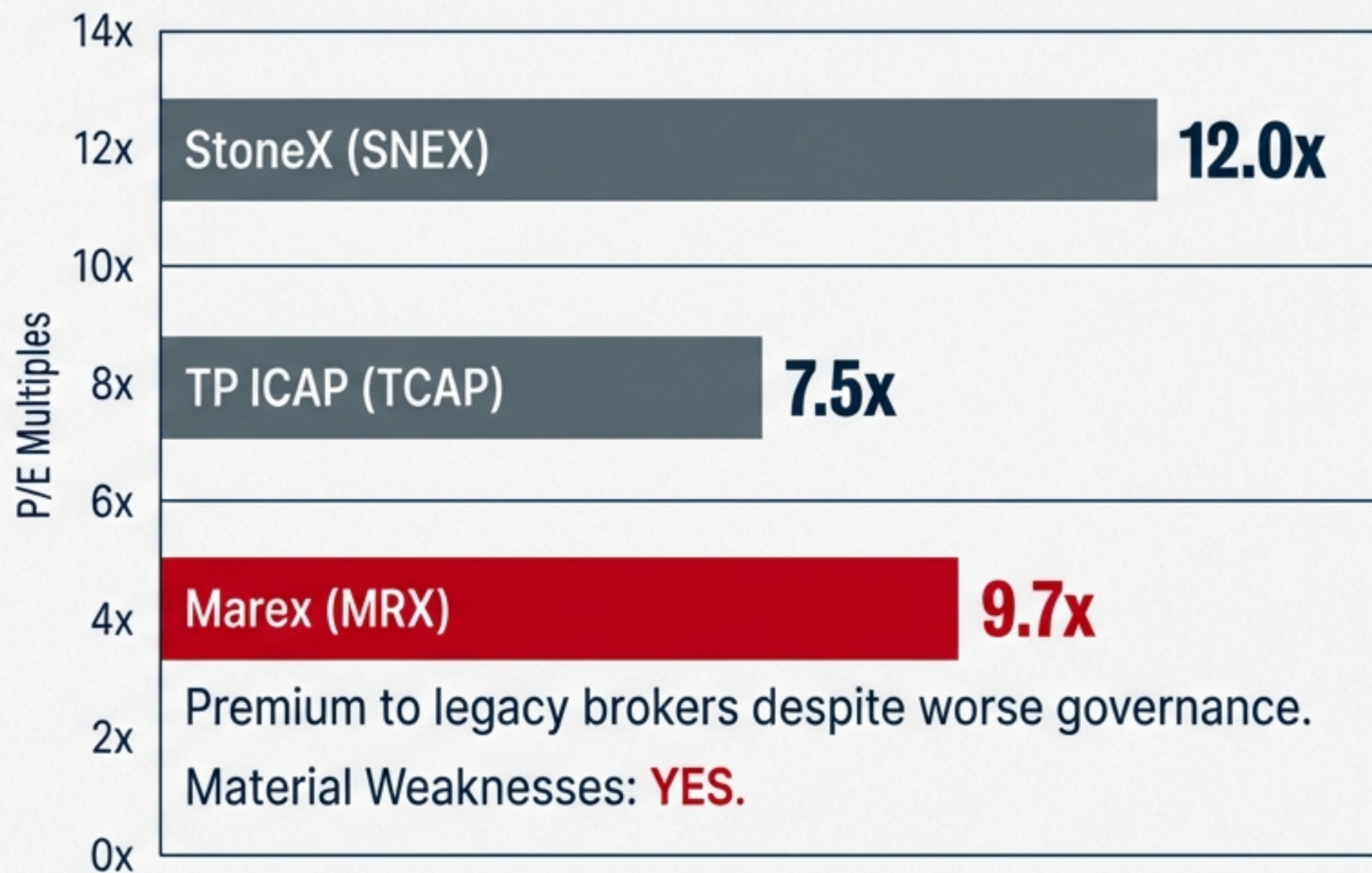
Named in Valukas Report regarding **"Repo 105"**—hiding leverage off-balance sheet.



CURRENT ALLEGATION

Using Luxembourg funds to **hide leverage**.
A consistent pattern of balance sheet **opacity**.

The Value Trap: Why the Discount is Warranted



**IMPLIED FAIR
VALUE: \$22.00**

Methodology: Normalized NII (3% rates) + 20% Governance Discount.

Sensitivity Analysis: The Bear Case Scenario

Interest Rates



-100bps Cut = Earnings **Contraction**.

Conclusion: SELL / AVOID



Low Quality Earnings

Rate dependency,
no organic
growth.



Forensic Risks

OCF manipulation,
Luxembourg
black box.



Governance Gap

Material
weaknesses,
management
history.

**Valuation ignores
existential accounting risk.**

Target: \$22.00

Appendix: Key Risks to the Short Thesis

- ✓ **Higher-for-Longer Rates:** If Fed holds $>4\%$ through 2026, NII windfall continues.
- ✓ **M&A Synergies:** Integration of Cowen/Winterflood could surprise on cost savings.
- ✓ **Short Squeeze:** Low float and private equity backing could lead to technical spikes.
- ✓ **Regulatory Clearance:** Clean bill of health from new auditors would dampen bear case.

Investment requires constant monitoring of these variables.