Australian National University

ANU Student Managed Fund

Investment Recommendation

Computershare Limited

ASX Code: CPU

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Creation date: 19/04/2026 | Version date: 13/05/2026 (V3)

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Notes:

All dollar amounts in this report are Australian dollars.

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Glossary

AAE – Active Australian Equities

ABS – Asset-Backed Securities

AI – Artificial Intelligence

ANU – The Australian National University

ANZ – Australia and New Zealand

APAC – Asia-Pacific

BSFI - Banking, Financial Services and Insurance.

BNY – Bank of New York

BPS – Basis Points

CAGR – Compound Annual Growth Rate

CEU – Continental Europe

CMBS – Commercial Mortgage-Backed Securities

COGS – Cost of Goods Sold

CPU – Computershare Limited

DCF – Discounted Cash Flow

DLT – Distributed Ledger Technology

ESG – Environmental, Social and Governance

GDP – Gross Domestic Product

GICS – Global Industry Classification Standard

IPOs – Initial Public Offerings

IOZ – iShares Core S&P/ASX 200 ETF

MI / ex. MI – Margin Income / excluding Margin Income

M&A – Mergers and Acquisitions

MoS – Margin of Safety

MSCI – Morgan Stanley Capital International

R&D – Research and Development

SEC – Securities and Exchange Commission

SG&A – Selling, General & Administrative expenses

SMF – ANU Student Managed Fund

SRI – Socially responsible investment

UK – United Kingdom

US – United States of America

UCIA – United Kingdom, Channel Islands, Ireland & Africa

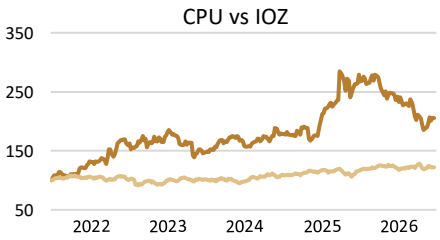
YoY – Year-on-Year

Portfolio recommendation

The Active Australian Equities (AAE) Team recommends that the ANU Student Managed Fund (SMF) establish a **10% weighting** in Computershare Limited (CPU) within the AAE portfolio, funded by reducing holdings in the iShares Core S&P/ASX200 ETF (IOZ).

AUSTRALIA	
ASX code: CPU	
Price (at 12/05/2026)	$29.74
Valuation	$34.10
Margin of safety (Mos)	14.67%
Dividend yield (2025F)	3.57%
GICS	Diversified Financials
52-week range	$26.73 - $42.28
Recommendation	**BUY**
Key assumptions	
Required return on equity	8.29%
WACC	7.93%
Carbon intensity	
CPU	1.23
ASX200	175.21

Five-year share price history



Investment thesis

Computershare Limited (CPU) is a global provider of capital markets infrastructure, specialising in share registration services, corporate trust, and employee equity plans. CPU services more than 25,000 firms globally and is the dominant player in share registry, servicing over 56% of the S&P 500, alongside leading positions in Australia, Canada, and the UK. Revenue is diversified across recurring registry and trust fees, transaction-based services, and margin income earned on client cash balances held.

CPU's critical position within capital markets infrastructure is necessitated by regulatory requirements across developed markets. These regimes have created an environment that has enabled CPU to build a strong competitive advantage and economic moat through a proven track record of navigating complex regulatory requirements on behalf of clients. As the global leader in registry services, CPU integrates their corporate trust and employee share plan service offerings into their core operations, leveraging its strong competitive position to succeed across a diversified financial services portfolio.

CPU is a structurally advantaged capital markets infrastructure company with an entrenched position reinforced by high barriers to entry and mandatory service relationships. The company's diversified core operating segments present strong growth potential driven by market expansion and structural tailwinds. We believe the market is currently overreacting to the impact of near-term interest rate cuts on margin income, a material driver of earnings at ~24% of revenue in FY25. However, this margin income is supported by a strong hedged book that reduces exposure to interest rate fluctuations. The current share price provides the fund with an opportunistic entry point to own a capital-light, high-return business with resilient cash flows and strong long-term compounding characteristics.

Our investment thesis is underpinned by the following considerations:

- Sticky client base and regulatory moat
- Structural pricing power

- Margin income resilience

Risks taken into consideration are:

- Technological disruption
- Reliance on client cash management
- Reputational and operational risk

Key upsides

Sticky Client Base and Regulatory Moat

Mission-Critical Role in Capital Markets Infrastructure

Computershare occupies a critical position in global capital markets infrastructure, providing registry, corporate trust, governance, and shareholder communication services that are essential for listed companies to meet regulatory and compliance obligations. As a result, issuers rely on CPU's established regulatory expertise, operational credibility, and secure technology infrastructure, reinforcing their entrenched industry position and creating significant barriers for new entrants. This low propensity to switch providers is evident by CPU's almost 100% client retention rate.

Long-Term Contracts driven by High Switching Costs

Client relationships are highly durable, supported by long-term contracts and significant switching costs. While initial contract terms are typically 3–5 years, actual tenure is substantially longer due to the critical and embedded nature of the services. In corporate trust, the average contract duration is around 9 years, with many relationships extending beyond 20 years as issuers renew and expand scope.

This durability is driven by high switching costs arising from operational and regulatory complexity. Switching providers requires extensive data migration, reintegration with market infrastructure, and recertification across regulatory regimes, involving coordination with exchanges, clearing systems, custodians, and regulators. Due to the operational risks inherent in managing shareholder records, dividend payments, and proxy processes, client turnover is rare and typically limited to renewal cycles. This stickiness underpins CPU's high retention rates and ensures a consistent stream of recurring revenue.

Market Positions and Concentrated Industry Structure

Computershare's incumbency is underpinned by a structurally concentrated industry where regulatory complexity, deep client integration, and compliance demands create significant switching costs and high barriers to entry. In the U.S., the group's largest and most profitable market, CPU holds 56.5% of the S&P 500 transfer agent market, a commanding lead over its closest competitor, Equiniti, which holds approximately 35% of the S&P 500 subset and 20.4% of the total transfer agent market. This gap is most pronounced in large-cap and complex issuer segments, where contract values are highest and relationships are most entrenched. With competition centred on service quality and regulatory expertise rather than price, CPU's sticky client base converts directly into predictable, recurring fee streams, supporting strong retention rates and pricing power across the registry segment.

Structural Pricing Power

CPU's fee revenue growth is driven by three reinforcing structural dynamics: sustained market share gains as large banks continue exiting non-core trust and registry businesses, increasing complexity per issuer as listed companies expand in scale and global footprint, and the secular outsourcing of compliance-heavy corporate functions to specialised third-party providers.

The primary near-term catalyst has been inorganic expansion. The acquisition of Wells Fargo's Corporate Trust Services added 14,000 clients and accelerated CPU's positioning in high-value segments such as CMBS administration, while subsequent consolidation of trust and registry portfolios from major banks, including BNY's Canadian trust assets, highlights a broader industry pivot, in which global banks are exiting capital-intensive, low-return infrastructure businesses in favour of dedicated specialists.

At the issuer level, successive layers of disclosure, cybersecurity, and sustainability requirements have increased the volume of corporate actions, shareholder communications, and related processes per issuer, expanding CPU's revenue opportunities even as listing activity in its core markets of the US, UK, Canada, and Australia has remained subdued relative to post-pandemic peaks.

Underpinning all three dynamics is an accelerating outsourcing trend: finance and accounting outsourcing is the fastest-growing segment of the outsourcing market, expanding at 7.7% CAGR through 2030. Critically the motivation driving outsourcing decisions has shifted - cost reduction was cited by 70% of organisations in 2020 but only 34% by 2024, with demand increasingly driven by specialist capability and regulatory expertise. Collectively, these dynamics provide CPU with a revenue growth profile that is largely decoupled from broader equity market conditions, fee income compounds through rising issuer complexity and outsourcing penetration regardless of market direction. This offers a combination of earnings resilience and above-market growth that is difficult to access through passive broad-market exposure.

Margin Income Resilience

Margin income is generated from client cash balances that arise as an operational byproduct of its registry, corporate trust, and governance services. These cash balances of ~$30bn in FY25, are embedded in service delivery rather than discretionary deposits, which supports a high degree of persistence across cycles. This income stream contributes ~65% of CPU'S EBIT reflecting its near 100% margin and making it vital to CPU's overall earnings quality. Critically, the interest rate sensitivity of this income is more contained than it first appears. Approximately 38% of balances are non-exposed, earning a stable regulated yield irrespective of rate movements, and a further 32% of balances are hedged through a staggered strategy that provides meaningful forward earnings visibility. CPU has locked in ~$2.1bn of margin income over the next 10 years, with 76% of that, ~$1.5bn, to be delivered within the next five years. The result is a margin income stream that, while not immune to rate cycles, is substantially resilient and structurally anchored to the same deeply embedded client relationships and operationally critical infrastructure that underpin CPU's core recurring fee base.

Risks to the Recommendation

Technological Disruption

Distributed Ledger Technology Risk

The long-term risk of technological disruption centres on the evolution of financial market infrastructure, particularly distributed ledger technology (DLT). These technologies, such as

blockchain, aim to digitise and automate some aspects of security ownership and settlement processes, potentially reducing the reliance on traditional registry intermediaries.

The global blockchain market is projected to grow at approximately 36% CAGR, reaching over $500 billion by the early 2030s, indicating significant investment in alternative technologies. Additionally, as of 2021, 81 of the world's top 100 public companies were already exploring or implementing blockchain solutions in some capacity, with 27 companies having fully operational use cases. While these statistics are not specific to just share registry, blockchain technology adoptions are evidently becoming increasingly embedded within mainstream financial services. If blockchain is implemented at scale within capital markets, these technologies could reduce reliance on intermediaries by enabling direct ownership record-keeping, real-time settlement, and lower administrative costs. This presents a structural risk to Computershare's core issuer services business over the long term.

Bullish has proposed to acquire one of CPU's major competitors, Equiniti, for $4.2 billion, with the deal to be completed by January 2027. Bullish is a cryptocurrency firm with experience in blockchain trading and has a growing emphasis on tokenisation within capital markets. Bullish intends to leverage Equiniti's pre-established customer based to build a global transfer agent for tokenised securities. This acquisition could accelerate the development of integrated tokenised securities platform offerings such as 24/7 trading, faster settlements and stablecoin-based payments. As a result, this may accelerate the technology race across the share registry industry, increasing competitive pressure on Computershare to scale its tokenisation capabilities.

Computershare has however recently partnered with Securitize, a leader in tokenising real-world assets, to enable US listed companies to issue tokenised equity alongside traditional shares. Under the arrangement, participating issuers can include issuer-sponsored tokens as part of their issued capital, including existing shares held through the direct registration system. This advancement shows CPU is aware of the technology risk and takes an active stance in adapting its platform to remain relevant as capital markets infrastructure evolves.

Despite strong growth projections, adoption remains gradual and uncertain. Blockchain implementation in financial markets faces significant barriers, including regulatory uncertainty, interoperability challenges, scalability limitations, and high implementation costs. This continues to slow widespread adoption, and we believe that technology is unlikely to disrupt CPU in the short-term, but this risk should continue to be monitored.

Regulatory risk

Emerging financial technologies also present a long-term regulatory risk for the registry maintenance industry. Developments such as tokenisation and digital assets could materially change regulation surrounding records of share ownerships, how they are maintained, and how they are transferred. Global regulators have flagged that these innovations introduce new risks around ownership clarity, counterparty exposure, and market structure. These regulators further acknowledged that efficiency gains remain "uneven" and adoption is still limited.

Artificial Intelligence risk

A growing risk to CPU's employee share plan business stems from advancements in AI, particularly the capacity for AI agents to automate high-volume, process-driven administrative work. Employee share plans carry low regulatory infrastructure dependency, making it a plausible target for insourcing for large corporate clients with the scale to justify the investment in AI. The risk isn't the full-scale disintermediation of the industry, but rather CPU's largest employee share plan clients leaving, causing a significant impact on earnings from this segment. Multi-jurisdictional tax and securities law compliance continue to create friction against full insourcing,

tempering the near-term severity of this risk. Nevertheless, as AI capabilities grow, insourcing employee share plans among CPU's largest clients represent a structural headwind for CPU's employee share plan business.

Reliance on Client Cash Management

Computershare's margin income is fundamentally dependent on the level and duration of client cash balances, creating a primary structural risk centred on shifting client behaviour. Because these balances are custodial rather than proprietary, Computershare's control over these balances is limited; the timing of inflows and outflows depends entirely on issuer activity and the speed at which funds are distributed or withdrawn.

Behavioural Shifts and Treasury Management Risk

There is an increasing risk that corporate clients may adopt more aggressive treasury management strategies to capture yield for themselves. In higher interest rate environments, the opportunity cost for clients leaving funds idle increases, incentivizing firms to minimize the time funds are held in trust. This wouldn't remove balances held in trust entirely, but it could reduce the duration that these balances are held for by CPU, decreasing margin income.

Technological Disruption and Settlement Acceleration

Broader industry shifts toward accelerated settlements, such as the transition to T+1 in the U.S., and the increased adoption of real-time payments, are narrowing the window in which CPU generates margin income. A sustained shift toward more efficient capital management and rapid settlement could create a structural headwind to Computershare's most profitable revenue stream.

Regulatory risk

Computershare's cash balances are exposed to regulatory risk regarding permissible placement, an area facing increased scrutiny from financial regulators. If CPU's cash management practices were subject to stricter rules, or faced restrictions on permissible investment parameters, the resulting yield compression would depress margin income. This risk scales with the size of balances held by CPU, since larger pools of client money are likely to attract increased oversight and stricter safeguarding requirements. Given that these regulations prioritize beneficiary and investor protection, CPU has limited leverage to resist such changes, potentially creating a structural ceiling on the company's ability to optimize margin income.

Reputational and Operational Risk

Reputation Risk

Reputation risk is material for Computershare given its role as a trusted infrastructure provider within global capital markets. The company's value proposition relies on operational accuracy, data security and institutional confidence, which are foundational to clients' outsourcing decisions. Although contracts are sticky, a significant operational failure, cyber incident or data breach could undermine client confidence and damage the brand trust that supports CPU's strong market position. This could create follow-on effects beyond remediation costs, such as weaker client retention, fewer new mandate wins, and increased pricing pressure at renewal.

Acquisition Risk

CPU's growth is fundamentally tied to an active acquisition strategy, as evidenced by the 2021 acquisition of Wells Fargo's corporate trust in 2021 or Equatex, an employee share plan provider, in 2018. While M&A has historically expanded CPU's scale, it introduces persistent execution risk. This risk profile centres on valuation discipline, technical integration, and synergy realisation. Given that inorganic growth is a pillar of CPU's strategy, rather than the occasional occurrence, these risks are a permanent fixture. A poorly executed major acquisition, or a series of small, unsuccessful acquisitions, could meaningfully erode returns and shareholder value over time.

Model Summary

Revenue (ex. Margin Income)

Revenue was separated into revenue excluding margin income, and margin income. CPU's base revenue (ex. MI) was forecast using a hybrid approach, combining a bottom-up revenue breakdown with top-down macroeconomic and market-based assumptions.

We have forecasted base revenue to grow at 3.73% CAGR (from FY26-30), which is in line with management's medium-term targets. This reflects gradual client wins, steady fee growth, increased levels of equity remuneration among corporate clients and normalization in market cycles and debt issuance. Furthermore, CPU's divestment from mortgage services sharpens their focus on higher margin, core business lines that will improve the overall earnings quality of the business and support stronger returns. A more detailed breakdown of assumptions and revenue stream forecasts is provided in Appendix F.

Margin Income

Margin income projections were completed by forecasting expected balances for each operating segment by country/currency and applying the relevant interest rate to derive interest income. Segment forecasts were linked to financial and macroeconomic estimates based on market expectations and government/central bank guidance. Market implied interest rate curves were derived from overnight index swap curves and/or zero-coupon government bonds stripped of term premia.

Costs

CPU's operating costs are allocated across Cost of Goods Sold (COGS) and Selling, General & Administrative (SG&A) expenses. Our forecasting approach combines historical cost trends with forward-looking assumptions applied at the underlying cost component level, anchored to management guidance, including CPU's ongoing cost-out program, which is expected to deliver approximately $50m in cumulative pre-tax savings by the end of FY26. We also incorporated management's broader commitment to increased efficiencies from ongoing product digitisation and deployment of new technologies, expected to result in lower costs to serve over time.

Scenario Analysis

Scenario analysis was conducted to assess the sensitivity of Computershare's valuation to key macroeconomic and idiosyncratic drivers. The bull case assumes a strong global economy, increased corporate activity, stronger debt issuance, with similar interest rates levels to the FY26 base case, that push higher in FY27-28, before stabilising and reverting to long-term expectations/central bank guidance. Company specific upsides are driven by the successful

execution of the cost-out program and benefits from technology investment. The bear case reflects the opposite, assuming a weak macroeconomic environment with reduced corporate activity and weaker debt issuance. Interest rates were forecasted to immediately decrease below the base case and gradually reduce to long-term levels. This scenario captures increased competitive pressure, the cost-out program failing to meaningfully improve margins, and DLT risks.

Our bull case produces a valuation of $43.49 per share (46.23% MoS), and the bear case produces a valuation of $18.64 per share (-37.32% MoS).

SRI Considerations

CPU is compliant with the SMF's SRI Policy. The company derives no revenue from the excluded sources and presents no major SRI concerns. Additionally, CPU's operations fall well within the carbon intensity threshold: the purchase of a 10% holding would reduce the carbon intensity of the Active Australian Equities portfolio from 62% below to 69% below that of the ASX200. A further ESG breakdown can be found in Appendix C.

Valuation Summary and Recommendation

Our discounted cash flow (DCF) model generates a base case valuation of $34.10 per share, providing a margin of safety (MoS) of 14.67%. The scenario analysis detailed in Appendix D outlines a bear case of $18.64 and a bull case of $43.49. CPU holds dominant positions in each of its business segments across North America, Europe and APAC which are reinforced by a strong regulatory and economic moat. While exposure to interest rates, particularly in the United States, creates downside risk in the event of accelerated rate cuts, CPU's margin income provides a differentiated earnings stream that is driven by monetary conditions rather than traditional cyclical demand drivers, complementing the Fund's existing exposure to more economically sensitive businesses. In conclusion, we recommend that the SMF establish a 10% weighting in CPU within the AAE portfolio, funded through the sale of a portion of our holdings in the iShares Core S&P/ASX200 ETF (IOZ).

Appendix

Appendix A: Portfolio Fit

Computershare represents a strong portfolio fit for the SMF, offering meaningful diversification across both sector exposure and earnings drivers. Unlike current holdings in healthcare, materials and banking, CPU's earnings are driven by registry services, employee share plans, corporate trust and corporate actions which are structurally linked to capital markets infrastructure rather than commodity pricing, credit cycles or healthcare utilisation. This distinction means CPU's performance is governed by different fundamental drivers and broadens the portfolios sources of return. Furthermore, CPU's significant margin income component, while sensitive to interest rates, provides an earnings stream with different timing and cycle characteristics to the portfolios existing exposures, adding an additional layer of earnings diversification.

A key consideration to portfolio fit is CPU's reliance on revenue generated in the United States (55% of total revenue). The portfolio currently holds 15.8% in international indexes and equities such as CSL, Worley, Ansell and Reliance Worldwide that all have significant US exposure. CPU would increase this exposure to the US economy; however, concentration risk is minimised due to significantly different fundamental growth drivers compared to the other AAE portfolio holdings.

Correlation of Computershare Returns against Asset Allocation Portfolio:

Correlation: CPU vs.					
IOZ	IEM	VGB	VGAD	VGS	AAA
5.83%	6.28%	1.87%	1.12%	-6.83%	11.06%

Correlation of Computershare Returns against Active Australian Equities Portfolio:

Correlation: CPU vs.							
IOZ	LLC	WBC	ORA	ANN	RWC	SUN	CSL
5.83%	18.39%	-6.25%	7.96%	-4.96%	27.31%	6.59%	6.09%

Correlations are based on 5-year monthly returns.

Appendix B: Key Financial Summary

Financial year ($million)	2023(A)	2024(A)	2025(A)	2026(E)	2027(E)	2028(E)
Total revenue	3,167	2,918	3,065	3,140	3200	3349
Revenue growth	23.6%	-7.9%	5.1%	2.4%	1.9%	4.7%
Adjusted EBITA	1119	1079	1152	1165	1173	1260
Adjusted EBITA margins	35.3%	37.0%	37.6%	37.1%	36.7%	37.6%
NOPLAT	835	842	950	947	942	997
NOPLAT margin	26.4%	28.9%	31.0%	30.2%	29.4%	29.8%
Invested capital (ex. goodwill)	621	354	266	301	332	370
Invested capital (inc. goodwill)	4996	4081	4183	4389	4590	4799
ROIC (ex. goodwill)	134.4%	237.8%	357.1%	314.8%	283.9%	269.4%
ROIC (inc. goodwill)	16.7%	20.6%	22.7%	21.6%	20.5%	20.8%
Free cash flow	645	1,758	848	773	747	809
IC turnover (inc. goodwill)	0.63	0.72	0.73	0.72	0.70	0.70
Financial year ($ million)	**2029(E)**	**2030(E)**	**2031(E)**	**2032(E)**	**2033(E)**	**2034(E)**
Total revenue	3,483	3601	3703	3800	3909	3985
Revenue growth	4.0%	3.4%	2.8%	2.6%	2.9%	1.9%
Adjusted EBITA	1342	1399	1438	1462	1498	1520
Adjusted EBITA margins	30.5%	38.8%	38.8%	38.5%	38.3%	38.1%
NOPLAT	1062	1109	1148	1168	1196	1213
NOPLAT margin	30.5%	30.8%	31.0%	30.7%	30.6%	30.5%
Invested capital (ex. goodwill)	407	442	473	504	538	568
Invested capital (inc. goodwill)	5007	5212	5266	5322	5380	5434
ROIC (ex. goodwill)	260.8%	251.0%	242.9%	231.7%	222.3%	213.5%
ROIC (inc. goodwill)	21.2%	21.3%	21.8%	21.9%	22.2%	22.3%
Free cash flow	884	920	1106	1124	1152	1169
IC turnover (inc. goodwill)	0.70	0.69	0.70	0.71	0.73	0.73

Appendix C: SRI Review

While CPU presents no major SRI concerns, there are two relevant ESG considerations that must be acknowledged. While they warrant attention, CPU does not breach the SRI Policy, nor does the company pose an unacceptable level of reputational risk to the Fund.

Gender Disparity within Australian Workforce

As of EOFY2025, women represented only 25% of CPU's board of directors. While this figure is low compared to the commonly accepted market target of 30%, the ESG risk to the Fund is considered minimal. CPU has goals in place to address female representation and, according to WGEA.gov, also boasts average gender pay gaps ranging from 6.7%-13.4% across their business units, which are far below the most recent estimate for the private sector of 21.1%.

Concerning Behaviour by International Subsidiaries

In 2025, a former Vice President of CPU's Hong Kong branch was fined and briefly jailed for insider trading in 2023, and the Maryland Attorney General secured a US$750,000 settlement for clients of CPU's subsidiary Georgeson, who were misled into paying unnecessary fees. While

these events do suggest some questionable behaviour by the company's affiliates, they do not present ongoing ESG concerns to the Fund due to the actions taken. Mr Choi Chun Wai, the former Hong Kong VP, is no longer with the company, and Georgeson has agreed to desist in charging fees when they are not permitted to do so.

Appendix D: Scenario Analysis

Bull Case

Assumptions:

- An overall strong global economy with countries and equities benefiting.
- There is increased corporate activity within IPO's, FRO's and M&A which increases event fees.
- Corporate debt issuance increases leading to an increase in corporate trust revenue and client cash balances.
- Interest rates start the same in FY26 and rise higher than the base case before stabilising around long-term expectations/central bank guidance in FY32-33.
- CPU exceeds expectations in their execution of the cost-out program lowering costs and improving margins
- They also exceed expectations around the return from investment in new technologies leading to slightly lower costs and higher recurring client fees

Valuation: $43.49 (38.27% MoS)

Changes from Base Case:

- Revenue FY26-30: Increases by 1.34% CAGR -> 5.07% CAGR
- COGS FY26-30: Decreased by 0.55% CAGR -> 2.26% CAGR
- Terminal Growth: Increased by 0.5% -> 3%

Bear Case

Assumptions:

- Globally weak macroeconomic environment
- High reduction in financial corporate activity leading to lower event fees
- weaker debt issuance
- Interest rates were forecasted to start the same in FY26 before decreasing below the base case until FY36, with the exception of Canada which stabilised in FY31
- Increased competitive pressure causes a higher churn rate and in turn lower recurring client fees
- CPU's cost-out program didn't produce cost saving synergies
- Distributed ledger technology from Bullish comes earlier than expected and puts further competitive pressure on CPU and subsequently they lose some market share, which is shown through further loss of client fees and transaction fees.

Valuation: $18.64 (-40.72% MoS).

Changes from Base Case:

- Revenue FY26-30: Decreases by 3.90% CAGR -> -0.17% CAGR
- COGS FY26-30: Increased by 1.15% CAGR -> 3.94% CAGR
- Terminal Growth: Decreased by 0.5% -> 2%

Appendix E: Sensitivity Analysis

WACC Sensitivity

WACC	Valuation	MoS
Base -2.5%	$59.26	99%
Base -2%	$51.72	74%
Base -1.5%	$45.86	54%
Base -1%	$41.17	38%
Base -0.75%	$39.16	32%
Base -0.5%	$37.33	26%
Base -0.25%	$35.66	20%
Base (7.9%)	**$34.12**	**15%**
Base +0.25%	$32.71	10%
Base +0.5%	$31.40	6%
Base +0.75%	$30.20	2%
Base +1%	$29.07	-2%
Base +1.5%	$27.05	-9%
Base +2%	$25.28	-15%
Base +2.5%	$23.71	-20%

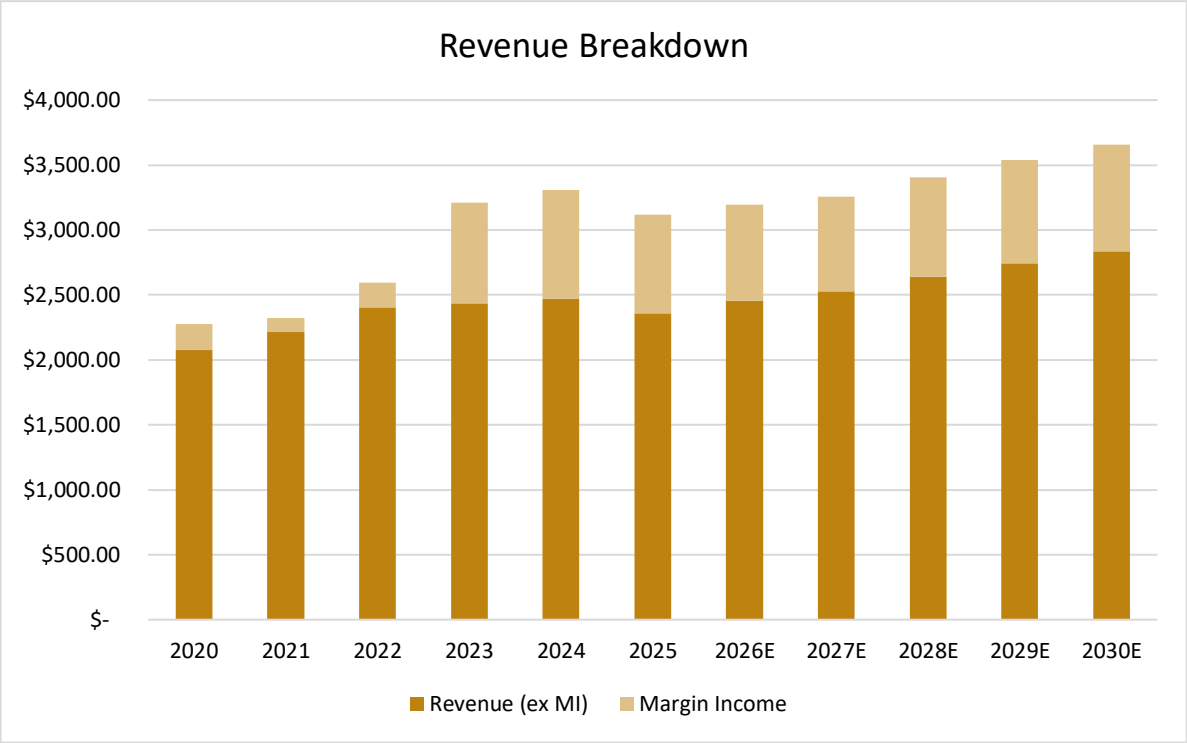
FX Rate (AUD/USD) Sensitivity

AUD/USD	Valuation	MoS
1.15	$28.34	-5%
1.2	$29.58	-1%
1.25	$30.81	4%
1.3	$32.04	8%
1.35	$33.27	12%
1.4	**$34.50**	**16%**
1.45	$35.74	20%
1.5	$36.97	24%
1.55	$38.20	28%
1.6	$39.43	33%
1.65	$40.67	37%

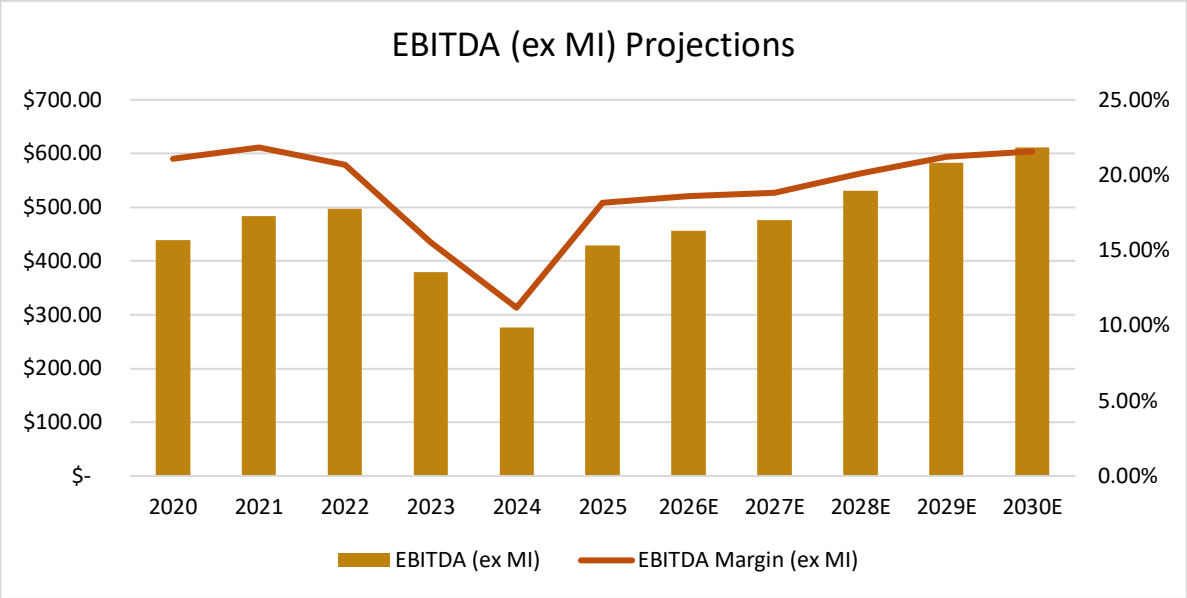
Interest Rate Sensitivity

Additionally, sensitivity analysis was conducted on the impact of interest rate changes. For each scenario, all factors other than interest rates were held constant, which does not account for the impact of interest rate changes on market activity, such as corporate actions. All scenarios assume that within a 10-year horizon, central bank rates will revert to a level consistent with the relevant central bank's guidance. Variation across scenarios is highest in the near-term (until ~2032). These scenarios are primarily based on the current US-Iran conflict and energy price inflation scenarios across varying resolution timelines. The base case (market implied rates) produces a valuation of $34.10/s (14.67% MoS), the case of a faster than expected resolution produces a valuation of $32.91 (10.44% MoS) as opposed to the case of a slower than expected resolution which produces a valuation of $34.38 (15.37% MoS), and the final case which assumes a similar conflict resolution timeline to the base case with sticky inflation levels in the near term produces a valuation of $34.20 (14.77% MoS). In recent months, rapidly changing interest rate expectations have caused CPU's share price to be particularly volatile due to the material nature of its margin income. These different scenarios have a lower impact on valuation than the market would suggest, which is primarily driven by a strong existing hedged book extending to 2035 that reduces CPU's exposure to short and medium-term interest rate fluctuations.

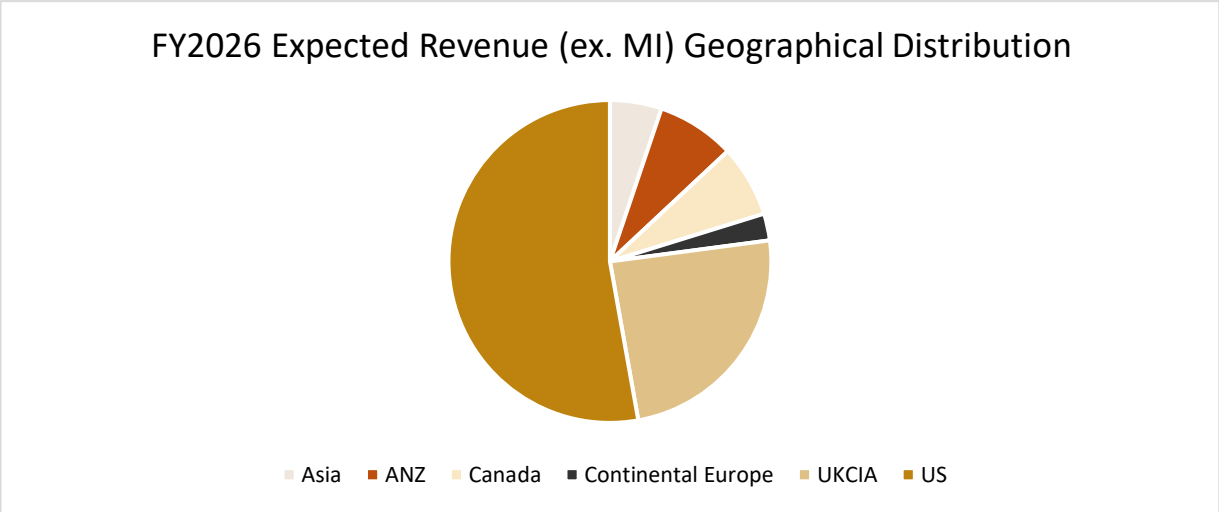
Appendix F: Revenue Forecasts



Past 6 historical years + 5-year forecast, showing the breakdown of revenue into revenue excluding margin income, and margin income.



EBTIDA and EBITDA margin excluding margin income for the past 6 years and a 5-year forecast. We expect the next 2 years to be relatively stable before the cost-out program provides cost saving efficiencies that increase EBITDA margin (ex. MI) to 20% by FY30.



Breakdown of FY26 forecasted revenue, excluding margin income. 53% of revenue (ex. MI) comes from the US, followed by 24% coming from the UK, Channel Islands, and Africa (UCIA).

Revenue (ex. MI)

Revenue was broken into geography then into business segment and finally into the bottom line of revenue streams, with all the revenue streams characterised by CPU as either recurring client fees, event fees or transactional fees. This breakdown was chosen because CPU operates across multiple markets and service lines all with different growth drivers, levels of cyclicality, market activity and interest rates. The forecast allowed us to reflect the different operating characteristics and revenue drivers across CPU's business segments, whilst primarily allowing us to use the macroeconomic and market assumptions as the key growth drivers for the overall business revenue. This hybrid avoided applying a single business wide growth rate whilst ensuring the forecast remained anchored to the broader macroeconomic environment that affects CPU revenue.

Issuer Services

Issuer services were forecasted for Asia, ANZ, Canada, CEU, UCIA and USA. Revenue breaks down into register maintenance; which includes issuer paid (client fees) and holder/broker paid (transactional fees), corporate actions (event fees), stakeholder relationship manager (event fees) and governance services (client fees).

Revenue forecast (FY26->30): 3.91% CAGR

This reflects the segments stable recurring customer base particularly in register maintenance and governance services. This is offset by the cyclical nature of corporate actions and stakeholder relationship manager. These event-based fees were linked to market expectations, and capital market activity in IPO, FRO and M&A. Governance services assumes increased complexity in regulation to lead to increased fees.

Corporate Trust

Corporate trust was forecasted for Canada and USA. Revenue breaks down into structured products and conventional debt & agency; however, forecasting was completed together as both revenue streams have the same drivers.

Revenue forecast (FY26->30): 7.55% CAGR

This forecast reflects CPU's exposure to debt capital markets activity where increased volumes are expected to support growth. This was based off corporate debt issuance expectations, including corporate bond offerings, ABS issuances and CMBS issuances. Furthermore, CPU's acquisition of BNY Trust company of Canada will provide inorganic growth over the initial forecast period.

Employee Share Plans & Voucher Services

Employee share plans were forecasted for Asia, ANZ, Canada, UCIA and USA. Voucher Services were forecasted for UCIA. Revenue breaks down into fee revenue (client fees), transactional revenue (transactional fees), other revenue (client fees) and voucher services (client fees).

Revenue forecast (FY26->30): 5.22% CAGR

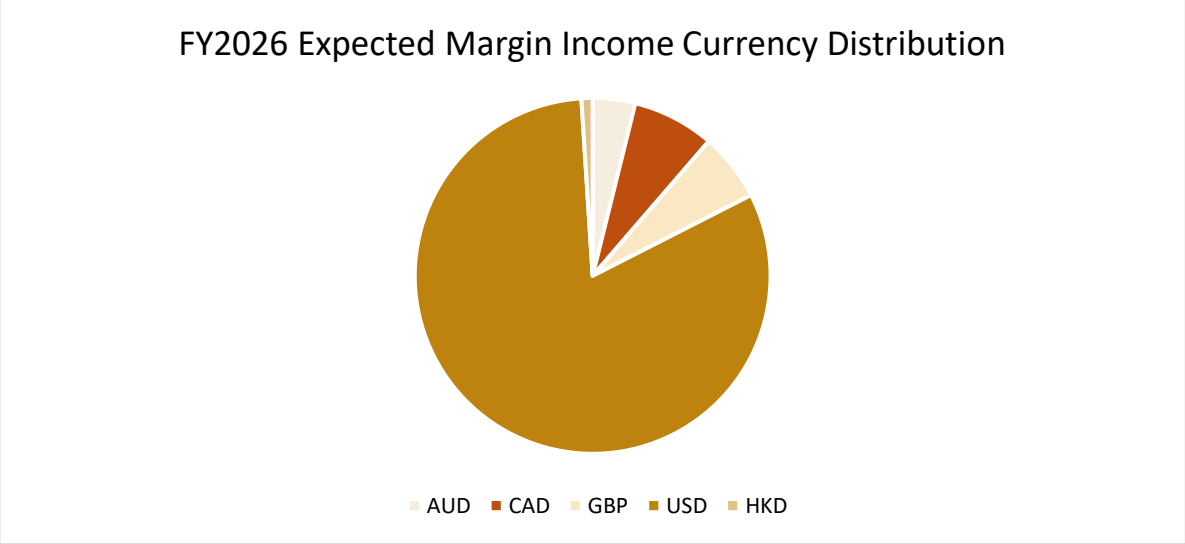
Forecasting was based on unemployment rates and wage growth for each country. Alongside individual market activity trends to consider when employees would exercise share options and subsequently sell held shares.

Mortgage Services

Mortgage Services were forecasted for UCIA. In September 2025 CPU sold its UK mortgage services business to Pepper Advantage. The deal was expected to be completed in Q3 FY26. Revenue for FY26 was forecasted to decrease by 35%, this was based on 1H26 results with a minimal amount of additional revenue expected to be earned before sale is completed. Mortgage services were not included in modelling from FY27 onwards.

Margin Income

Margin income projections were completed by projecting expected balances for each operating segment by country/currency and applying the relevant interest rate to derive interest income.



Breakdown of the currencies in which balances held by CPU are invested in. The majority of funds are held in USD (79%), followed by CAD, and GBP. This balance breakdown indicates that CPU is highly leveraged to United States interest rates. Additionally, the highest levels of growth are expected within the United States, with USD expected to account for ~81% of balances by FY2030.

Balances

Issuer Services

Issuer Services balances comprise dividend payments that are either held before being paid out to stockholders or reinvested. To forecast these balances, current market expectations regarding dividend per share growth (based on FactSet estimates) for each relevant index (S&P500, ASX200, MSCI UK Index & TSX60) were used as the growth rate until FY28, as projections beyond this period were not available. For FY29 and beyond, a conservative growth rate of 3% was assumed, which is below the previous average of 4-6%.

Employee Share Plans & Voucher Services

Balances for the Employee Share Plans segment are driven by remuneration and individual transactions (employees buying/selling shares). The balances for this segment were estimated to grow in line with wage growth in each region. This segment currently experiences a tailwind from an increase in equity as a portion of employee remuneration. To account for this tailwind, a qualitative adjustment of +100bps was added to the expected wage growth rate for each market until FY32.

Corporate Trust

Corporate trust balances are primarily driven by corporate debt issuance, which has historically outpaced nominal GDP growth. Modelling for these balances used central bank estimates of inflation and real GDP growth to generate nominal growth, and an adjustment of +250bps was added to US balances in FY26-27 due to the increase in debt market activity driven by technology sector debt issuance. Similarly, a +150bps adjustment was added to Canadian balances during the same period. An ongoing adjustment of +100bps was added to both balances from FY28 onwards.

Corporate Actions

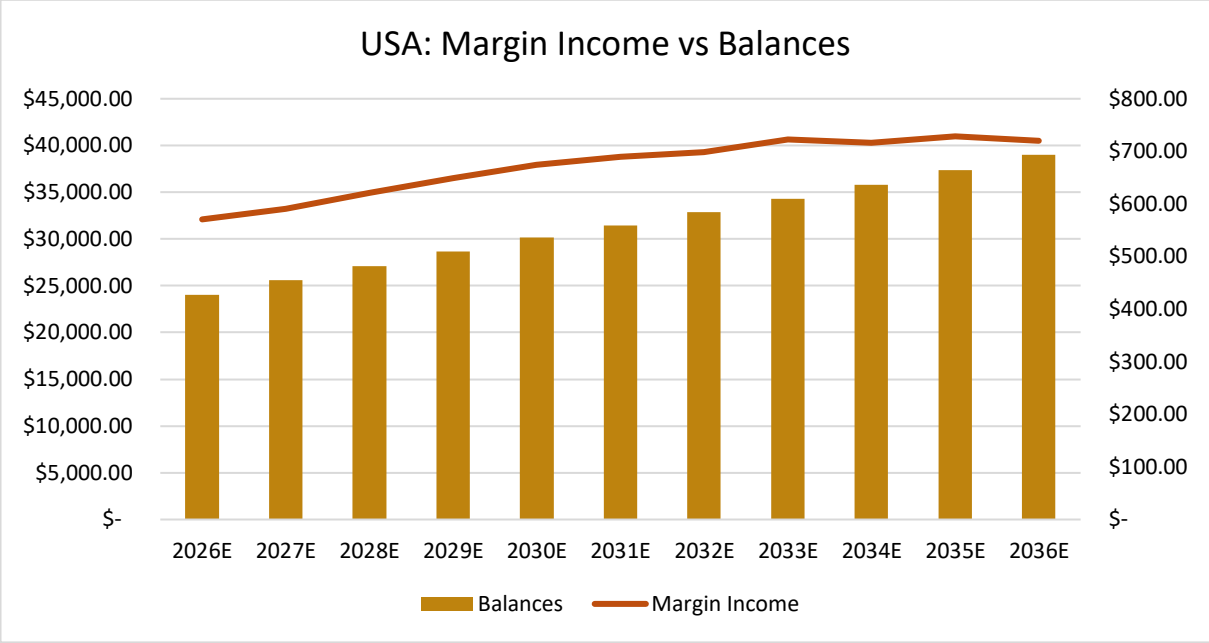
Corporate action balances are primarily driven by M&A and IPO activity. This activity is highly cyclical and is closely linked to the cost of capital. An increase in corporate actions is expected in most regions over the near term as global interest rates decrease, and remaining COVID-era dry powder is put to use. Current geopolitical tensions are resulting in uncertainty regarding global monetary and fiscal policy, which would likely impact corporate activity in the short-term if the US-Iran conflict extends past market expectations and energy prices remain high. Market uncertainty is more likely to impact the timing of corporate actions rather than long-term volume, creating cash flow timing risk for CPU. To account for this timing risk, near-term balance growth has been modelled conservatively, well below the typically year-on-year growth. Balances for FY29 onwards were forecast in line with GDP growth expectations.

Interest Rates

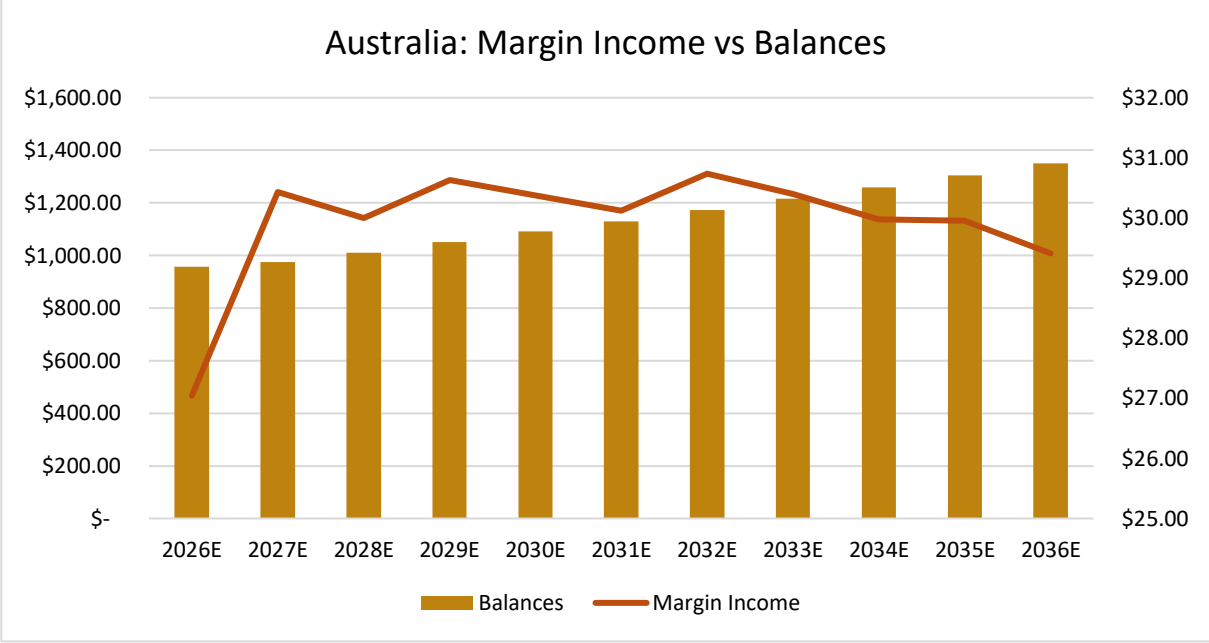
CPU separates balances into three categories for investment: exposed, hedged, and non-exposed. Management guidance states that ongoing balances will be split at a rate of 30% exposed, 32% hedged, and 38% non-exposed. This strategy has been implemented post-COVID to reduce CPU's exposure to short-term interest rate volatility. Exposed balances are invested in term deposits at market rates (due to timing inconsistencies, typically 80% of the cash rate or local equivalent is realised), which are highly exposed to interest rate fluctuations. Hedged rates are locked in at market rates from prior years, with the current hedged book extending until FY35 for the United States (although longer-term rates are locked in for diminishing balances), FY29 for Canada, FY28 for the United Kingdom, and FY26 for Australia. Balances invested at the hedged rate that are not currently locked in are forecast at the average rate of the prior years. Non-exposed balances are typically held as standard bank deposits due to the liquidity requirements and in some cases, regulatory and contractual obligations that prevent these funds from being held in riskier instruments.

To model the actual expected cash rates (or local equivalent), yield curves were derived from zero-coupon government bond and overnight index swap curves, adjusted to remove the term premium that CPU would not receive as all balances are held in short-term instruments. These rates were used for 5 periods (until FY30) and were then tapered down to the long-term rate expectations for each country, either based on a historical average or central bank guidance at a rate of 25bps per year.

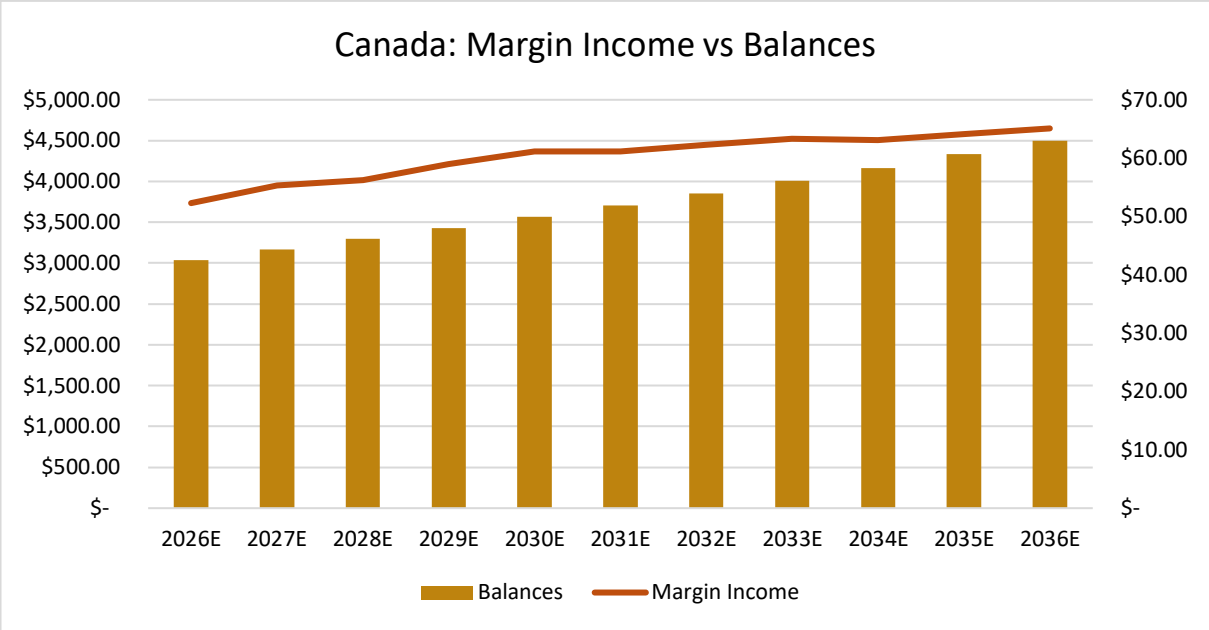
Margin Income Projections by Country



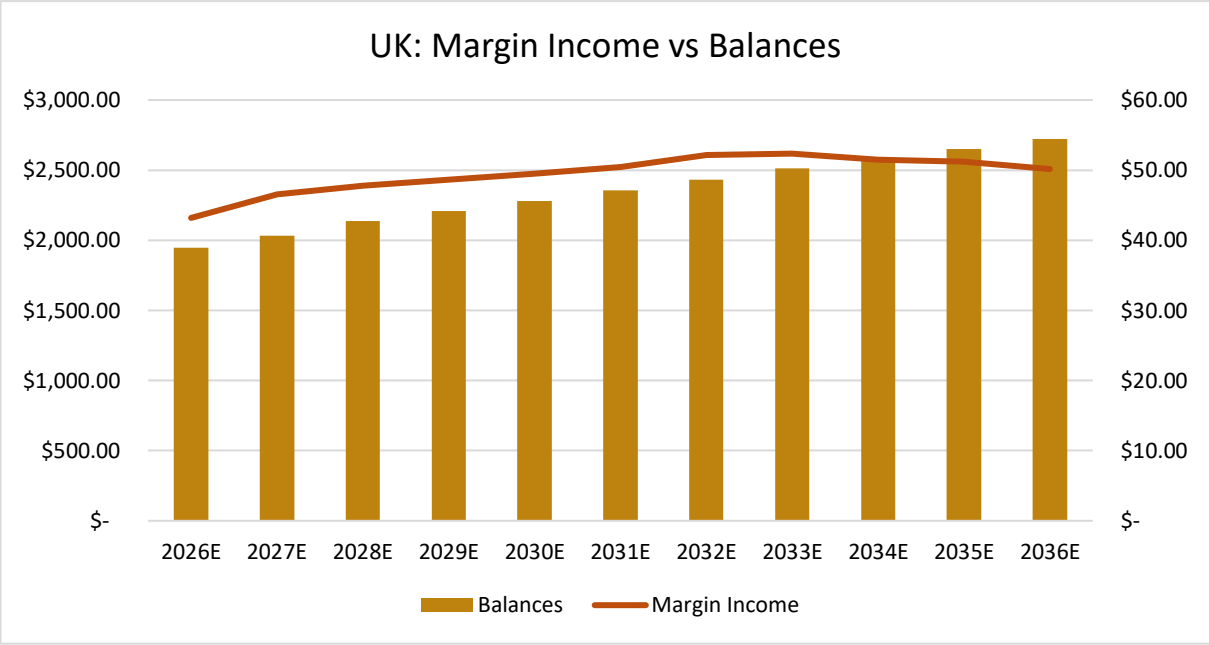
Strong existing hedged book softens near-term rate cut blow; balance growth effectively cancels out longer-term interest rate normalisation hit to margin income.



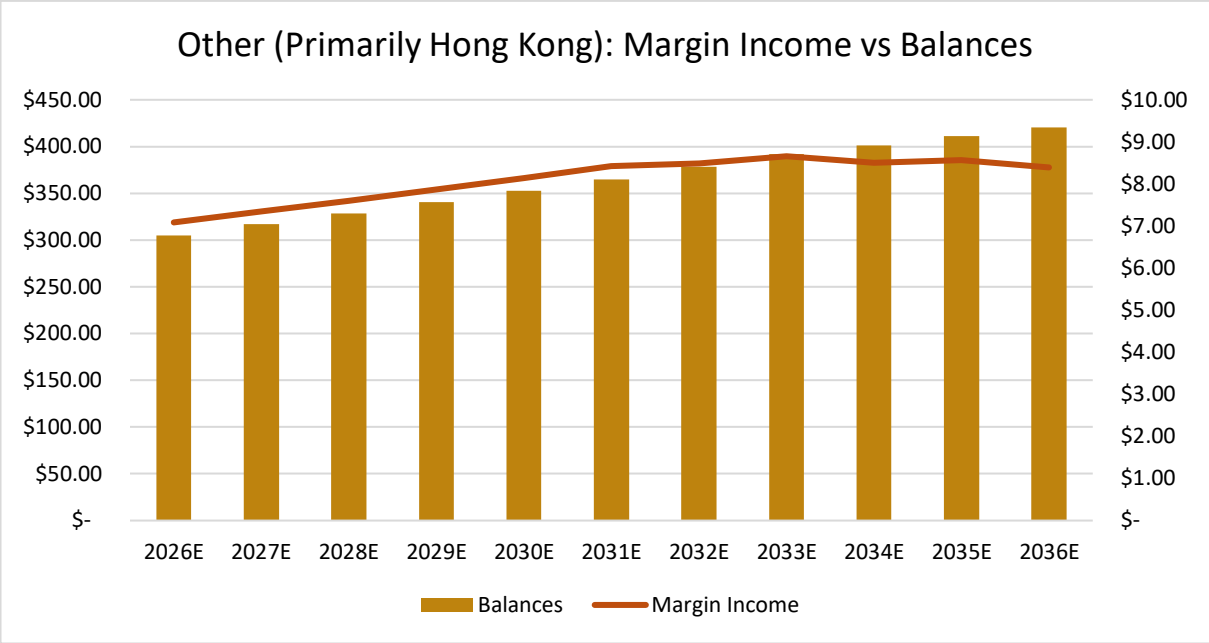
CPU's current hedged book in Australia is relatively limited, resulting in a comparatively more rate-sensitive margin income projection in the near-term. Strong wage and dividend growth is expected to drive balances before stabilizing in the early 2030s.



In comparison to other central banks, the Bank of Canda's current overnight rate is only slightly higher than the long-term average, as such, balance growth is expected to outweigh interest rate decreases, unlike many other regions.

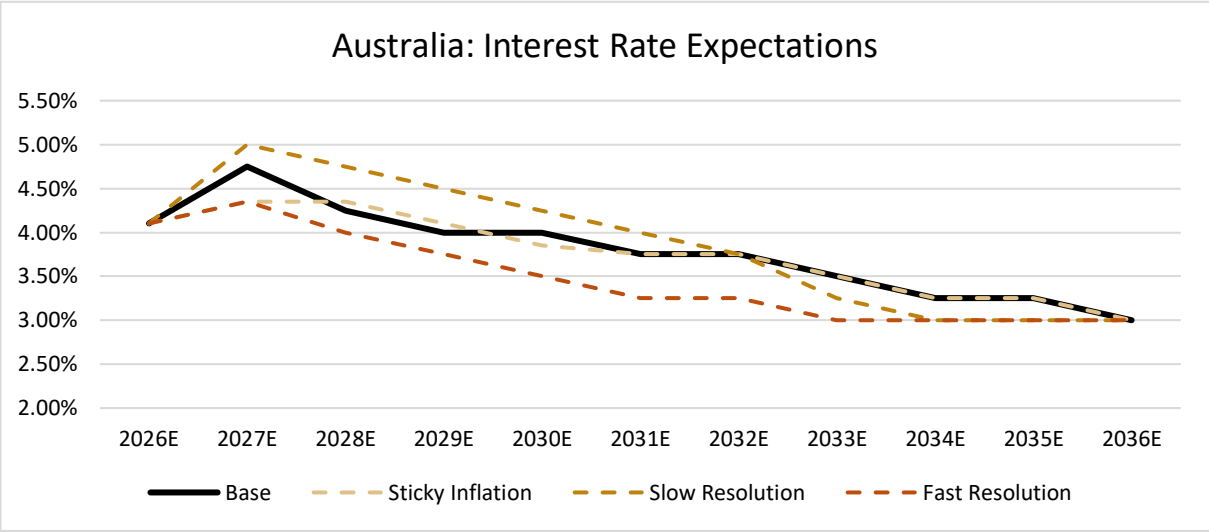


Lower growth levels are expected from Europe and the UK as CPU does not operate Corporate Trust services in these regions, and wages + GDP growth expectations are comparatively lower than many other regions.

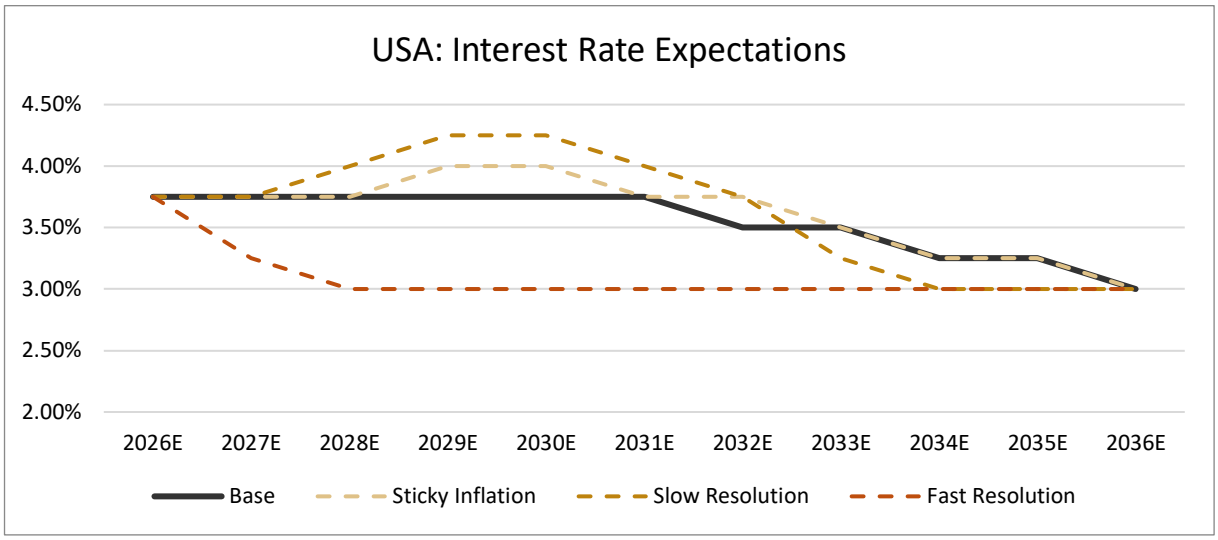


Balances in Asia are significantly lower than other regions and account for an insignificant level of margin income. Balances in Asia are driven only by Employee Share Plans & Corporate Actions, the former of which is expected to have strong growth, and the latter expected to have little to not growth over the forecast period.

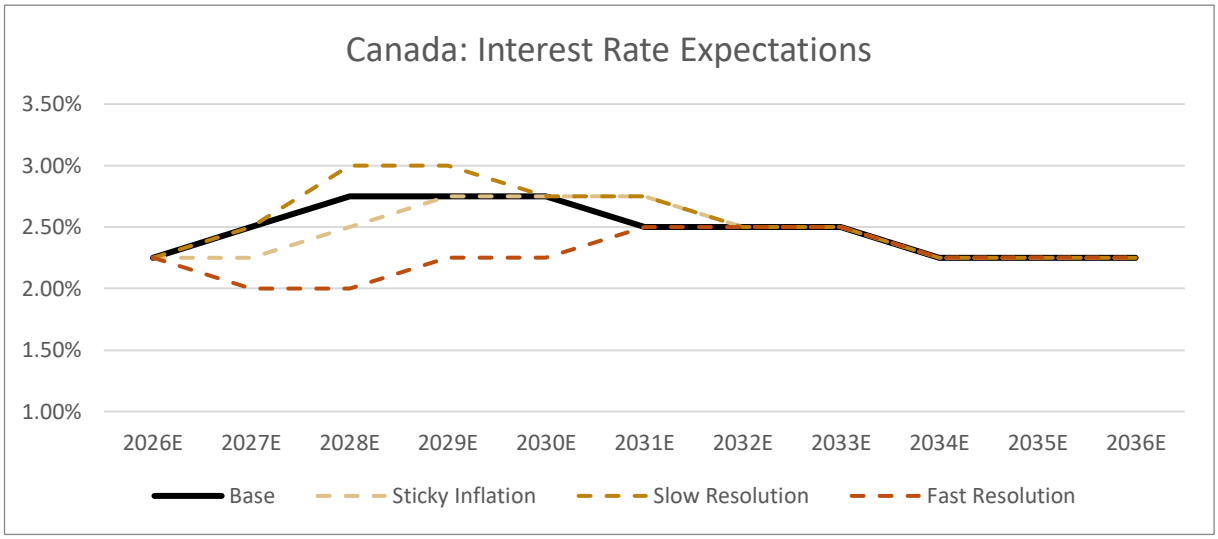
Interest Rate Projections



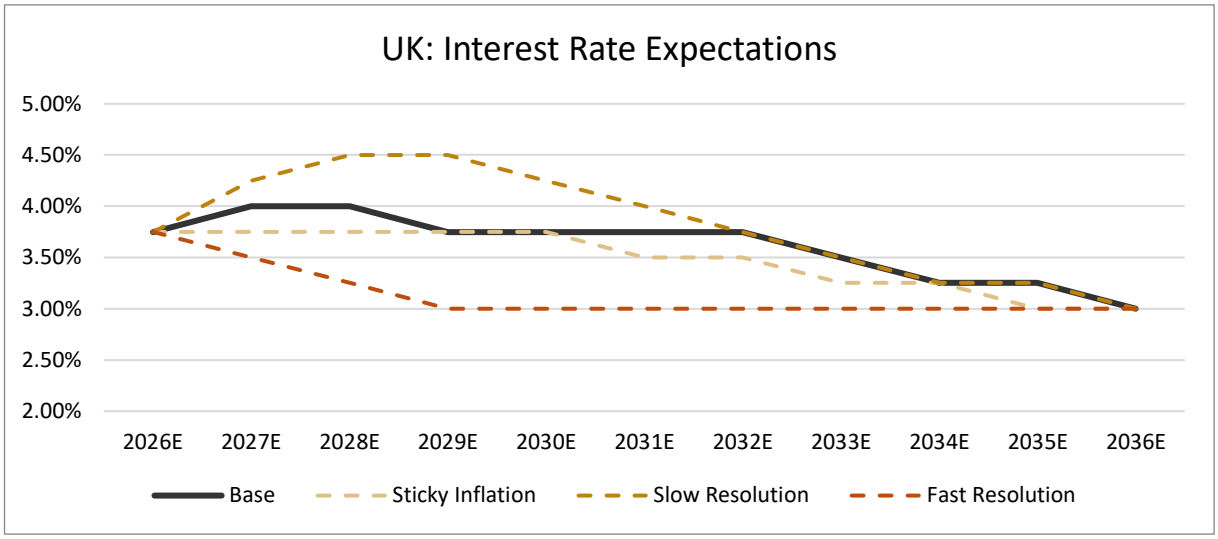
Australia: RBA has historically been more cautious than the Fed; paths reflect a peak-to-terminal range consistent with the RBA's stated neutral band of 3.0 – 4.2%.



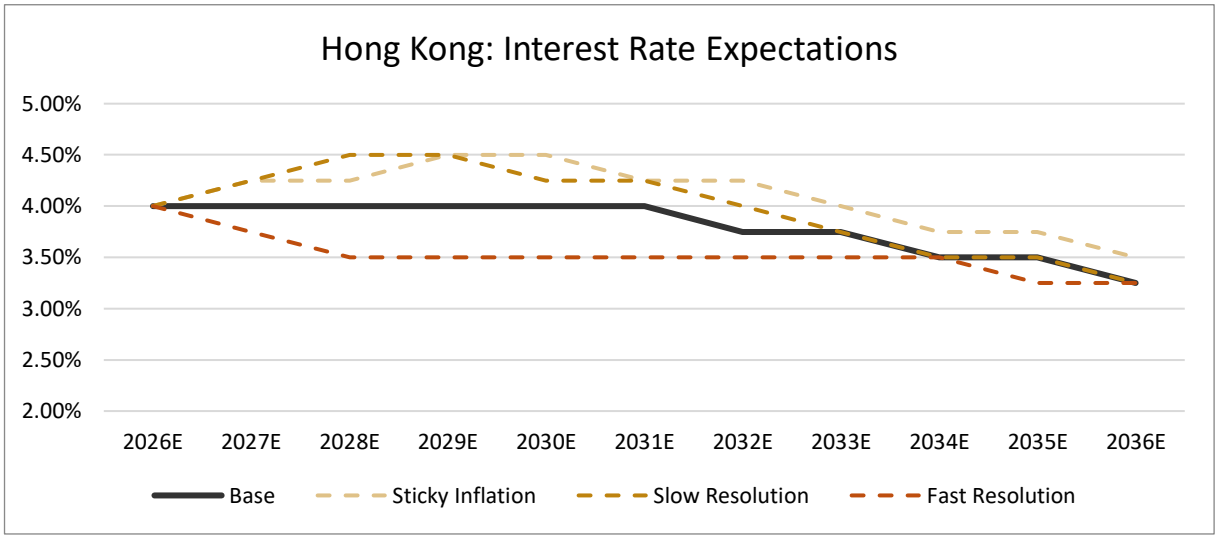
USA: Fed dual mandate constrains aggressive hiking absent explicit core PCE re-acceleration; Slow Resolution' reflects delayed but sustained tightening.



Canada: Bank of Canada has already moved aggressively in prior cycles; lower terminal rate (2.25%) reflects Canada's higher household debt sensitivity.



UK: Bank of England faces persistent services inflation; Bear path is front-loaded reflecting UK's acute energy import exposure.



Hong Kong: HKMA tracks the Fed mechanically via the linked exchange rate peg; paths mirror US with a modest spread reflecting local liquidity conditions.

Interest Rate Forecasting Methodology

The base case is derived from yield curve implied forward rates, using term-premium-adjusted government zero-coupon bond rates to trace the policy rate path currently priced into swap markets for each country. This represents the consensus "muddle through" outcome: the US – Iran conflict resolves on a moderate timeline (12 – 18 months), oil prices normalise toward $70 – 80/bbl by late 2027, and central banks ease gradually back toward their respective neutral rates. The long-run terminal rates (3.00% AU/US/UK, 2.25% Canada, 3.50% HK) reflect each central bank's estimated neutral policy rate, the rate consistent with stable inflation and full employment over the long run. All non-base scenarios are built as deliberate departures from this path, calibrated in 25bp increments only to maintain
internal consistency and avoid spurious precision

Scenario Narratives

Sticky Inflation/ Higher for Longer

This scenario does not assume a fresh macro shock. Instead, it captures the world where the conflict resolves roughly on the base timeline, but the disinflation that should follow never fully materialises, with services inflation staying sticky, labour markets remaining tight, and inflation not slowing despite rates being held at current levels. Central banks are unable to deliver the easing cycle the curve implies. The resulting path sees policy rates held flat for longer than Base, followed by a small insurance hike (25bp) around 2028 – 2029 when inflation surprises again, before a gradual normalisation. This mirrors the structural experience of the Fed's 2022 – 2024 "higher for longer" episode, extended as a multi-year feature rather than a transitory phase.

Slow Resolution / Escalation

This is the tail-risk war scenario. The US – Iran conflict escalates or extends well beyond 18 months, with possible disruption to Strait of Hormuz transit, sustained oil above $110/bbl, and a material de-anchoring of inflation expectations. Central banks are forced to hike beyond consensus and hold restrictive settings for an extended period. Australia and the UK bear the brunt given their energy import exposure, with AU peaking at 5.00% (2027) and UK at 4.50% (2028). The US response is more graduated given its domestic energy buffer and the Fed's dual mandate, but still materially higher than Base. This scenario represents the genuine upper tail of plausible rate outcomes.

Fast Resolution

The conflict ends quickly (sub-12 months), oil prices fall sharply on resumed Strait of Hormuz flows, and headline inflation drops rapidly on negative base effects. Central banks cut faster and deeper than market pricing implies, converging to terminal rates by the early 2030s. This is the "everything resolves smoothly" scenario and represents the lower tail. Country-Specific Calibration Considerations Each country's path was calibrated against its own central bank's reaction function and domestic macro exposure:

Costs

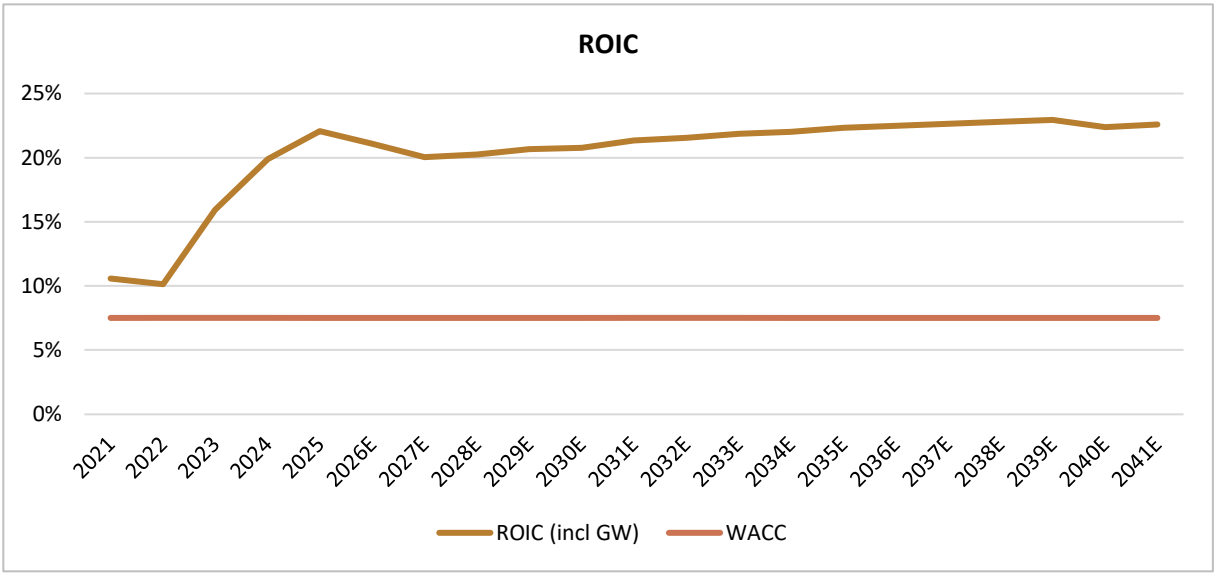
Cost of Goods Sold (COGS)

COGS was forecast using a bottom-up aggregation of Direct Services, Corporate & Technology costs, and smaller acquisition-related and restructuring items. This ensures the forecast reflects the operational cost base rather than a simple margin assumption. Direct Services and Corporate & Technology costs were forecasted in line with operational scaling, while acquisition-related and restructuring costs forecasted to decline in line with management expectations. As a result, COGS will increase initially by 3.62% in FY26 before stabilising at 2.92% CAGR over the next 10 years, reflecting continued scaling alongside moderating efficiency gains.

Selling, General, and Administrative Expenses (SG&A)

SG&A expenses were forecast by grouping indirect and overhead costs, primarily technology R&D, and other administrative expenses. These were projected using historical trends at a component level, with smaller items progressively normalised. Historically, SG&A-related costs have remained relatively stable as a proportion of revenue, reflecting consistent investment in infrastructure and innovation.

Appendix G: Value Creation



ROIC including Goodwill vs WACC over the past 5 years + entire forecast period:

Decreases in margin income suppress ROIC in the short-term, but cost-out reductions in operating costs are expected to drive higher ROIC thereafter.

Much of CPU's growth is through acquisitions rather than internal generation, such as the recent acquisition of the Wells Fargo Corporate Trust business, resulting in a significant level of goodwill on CPU's balance sheet. As such, it was determined that ROIC including goodwill was the most accurate metric to assess value creation.

WACC

The weighted average cost of capital for the DCF forecast period is 7.93%. As CPU reports in USD and generates the majority of revenue in the United States, our model was similarly denominated in USD. As such, cost of capital assumptions is in line with the United States market. The current US 10-year treasury bond yield of 4.45% was used as the risk-free rate for cost of capital calculations. The equity risk premium (ERP) of 4.46% is based off Aswath Damodaran's implied US ERP, resulting in the cost of equity for CPU being 8.29% using a 5-year monthly beta of 0.86 (FactSet estimate).

CPU currently has a Baa2 rating from Moody's, which corresponds to a pre-tax cost of debt of 6.03% (Federal Reserve Bank of St Louis, 2026).

At a debt-equity ratio of 11.01%, and a tax rate of 23.41% (based on weighted corporate tax rates across operating regions), CPU's WACC is 7.93%

Appendix H: Franking Credits

The majority of CPU's income is generated overseas therefore tax paid in Australia is minimal. As such, dividends are typically unfranked, however the interim FY26 dividend was franked at a rate of 30%. It is not clear whether future dividends will be franked, and as foreign growth is expected to outpace domestic growth for CPU, we are assuming that dividends will not be franked in the

long term and have not included a dividend discount model valuation for the value of franking credits. If CPU does issue franked dividends in the future, this is seen as a bonus return and is not factored into the valuation or investment thesis.

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