

ROBINHOOD MARKETS, INC.

NASDAQ: HOOD | Retail Brokerage & Consumer Finance | United States

RECOMMENDATION	INVESTMENT SCORE	LAST PRICE (28 JUL 26)	12-18M FAIR VALUE
WATCHLIST	60 / 100	\$92.76	\$96

Probability-weighted fair value across bull, base and bear cases. Report prepared before the Q2 2026 earnings release scheduled for the afternoon of 29 July 2026.

Investment Summary

Robinhood has done something the 2021 bear case said it could not: it converted a payment-for-order-flow meme-trading app into a genuine asset-gathering franchise. Total Platform Assets reached \$307 billion at the end of Q1 2026, up 39% year over year, and trailing-twelve-month Net Deposits of \$67.8 billion represent a 31% organic growth rate on the prior-year asset base. Gold subscribers of 4.3 million are up 36%, the margin book has nearly doubled to \$17.0 billion, and net interest revenue grew 24% even as short-term rates fell. Trailing-twelve-month free cash flow is \$3.01 billion on \$4.61 billion of revenue.

The problem is what the market is paying for that franchise, and what is happening underneath it. Revenue growth decelerated from roughly 50% in 2025 to 15% in Q1 2026, and sequentially revenue fell 17%. Cryptocurrency revenue collapsed 47% year over year as Bitcoin fell more than 50% from its October 2025 peak to roughly \$63,000. Operating expenses grew 18% against 15% revenue growth, compressing net margin from 36% to 32%. Q1 EPS of \$0.38 missed consensus. The shares still trade at roughly 44 times forward earnings and 18 times sales, a PEG of 2.6, and a return on invested capital of 8.4% that sits below the 14.7% weighted average cost of capital. That is a full price for a business whose revenue line is levered to two things it does not control: crypto prices and the front end of the yield curve.

At \$92.76 the shares are 40% below the 52-week high of \$153.86 and have already de-rated meaningfully. Much of the easy multiple compression is done. But the stock trades below its 20-, 50- and 200-day moving averages with a bearish MACD crossover, realised daily true range is 7.2%, and Q2 results land within hours of this report. Establishing a position ahead of a binary event, in a name with a 2.34 beta, at a probability-weighted fair value roughly equal to the current price, is not a risk-adjusted decision. The franchise deserves ownership; it does not yet deserve this entry price.

Snapshot

Metric	Value	Metric	Value
Last close (28 Jul 2026)	\$92.76 (–3.02%)	Market capitalisation	\$83.53B
52-week range	\$63.52 – \$153.86	Enterprise value	\$77.87B
Shares outstanding	900.5M	Free float	784.6M
TTM revenue	\$4.61B	TTM net income	\$1.90B
TTM EPS (diluted)	\$2.06	TTM free cash flow	\$3.01B
P/E (trailing / forward)	45.1x / 44.0x	EV/EBITDA	35.0x
P/S (trailing / forward)	18.1x / 15.2x	PEG ratio	2.60
Return on equity	21.5%	ROIC vs WACC	8.4% vs 14.7%
Net cash position	\$5.66B (\$6.29/sh)	Beta (5Y)	2.34
Short interest (% float)	4.85%	Dividend	None
Analyst consensus (n=28)	Buy, \$121.40 target	Next catalyst	Q2 results, 29 Jul 2026

Sources: Alpha Vantage GLOBAL_QUOTE (price, 28 Jul 2026); StockAnalysis.com / S&P Global Market Intelligence (statistics, last updated 28 Jul 2026); Robinhood Q1 2026 press release (SEC Exhibit 99.1, 28 Apr 2026).

1. Evaluation Framework

Robinhood is not a conventional broker and generic brokerage templates mislead. It earns money four ways that behave very differently: transaction-based revenue routed to market makers (payment for order flow, plus crypto spreads and event-contract fees), net interest on margin loans, securities lending and swept cash, subscription revenue from Gold, and a young credit and banking business. Roughly 58% of Q1 revenue was transaction-based and inherently cyclical; 34% was net interest, which is a function of both balance growth and the Fed; and 8% was recurring subscription and other.

Over a one-to-two year horizon, five variables will determine shareholder returns. The criteria below are fixed before the analysis and each subsequent section is judged against them.

Driver	Why it decides the outcome	What would count as success
1. Net deposit & platform asset growth	Assets are the only revenue input Robinhood genuinely controls. Every incremental dollar of customer assets monetises through interest, margin, Gold and trading, regardless of market direction.	Annualised net deposit growth sustained above 20% of prior-quarter platform assets, with funded-customer growth reaccelerating above the current 6%.
2. Revenue mix: crypto decay vs. new lines	Crypto revenue fell 47% year over year and app notional volumes fell 48%. Event contracts, index options and futures must grow fast enough to more than fill that hole.	Other transaction revenue (largely event contracts, ~10% of revenue) continuing to compound while total transaction revenue grows despite a flat-to-lower crypto tape.
3. Net interest revenue durability	Net interest is 34% of revenue and rose 24% on a 93% larger margin book even as rates fell. Further Fed cuts compress the spread on \$26B of swept cash and \$16.7B of deposits.	Net interest revenue growing on balance-sheet expansion at a pace that offsets each 25bp of rate cuts; margin book growth continuing without a credit event.
4. Operating leverage against the 2026 spend plan	Management guided 2026 adjusted opex and SBC to \$2.7–2.825B, raised \$100M for Trump Accounts. Q1 opex grew 18% versus 15% revenue growth. The plan only works if revenue accelerates.	Adjusted EBITDA margin holding at or above 50% and GAAP net margin stabilising near the 32% Q1 level rather than continuing to erode.
5. Regulatory outcome on event contracts and PFOF	The CFTC issued a proposed rule on prediction markets on 10 June 2026 and a March 2026 staff advisory on manipulation. Event contracts are roughly a tenth of revenue and the fastest-growing tenth.	A final CFTC framework that permits the existing contract set to continue, and no adverse move on payment for order flow.

2. Business and Revenue Model

Robinhood serves 27.4 million funded customers across 29.1 million investment accounts, with 2,900 employees producing \$1.59 million of revenue each. That ratio is the clearest statement of what the business is: a software company that happens to hold a broker-dealer licence. Gross margin of 92% and operating margin of 46% are structurally unavailable to a branch-based incumbent.

Transaction revenue of \$623 million in Q1 breaks into options (\$260M, +8%), equities (\$82M, +46%), crypto (\$134M, –47%) and other transaction revenue (\$147M, +320%), the last consisting mainly of event contracts. The composition matters more than the total. Options remain the profit engine because per-contract economics are far richer than equities, and the equities line growing 46% on \$638 billion of notional volume reflects share gains rather than pricing. The 320% jump in other transaction revenue is the single most important number in the quarter: a product line that barely existed eighteen months ago now contributes roughly a tenth of company revenue, on 8.8 billion contracts traded.

The second engine is the balance sheet. Receivables from users of \$18.1 billion and a \$17.0 billion margin book, up 93%, produce interest income; \$13.4 billion of securities loaned produces securities lending revenue; and \$26.0 billion

of swept cash produces a net spread. In February 2026 management deliberately moved over \$6 billion out of the cash sweep programme into on-balance-sheet customer credit balances to fund margin lending, which is a higher-spread use of the same deposit. That is competent balance-sheet management, and it is why net interest revenue grew 24% into a falling rate environment.

The third engine, and the newest, is consumer finance. Robinhood Banking has crossed \$2 billion in deposits from 125,000 customers, the Gold Card has passed 800,000 funded customers, and the Platinum Card launched in Q1. This is where the risk profile changes: the company purchased \$2.52 billion of credit card receivables through its Credit Card Funding Trust in Q1 and completed its first securitisation backed by card receivables in July, a transaction that itself contributed to the mid-July share weakness. Provision for credit losses rose 50% year over year to \$36 million. That is still small, but the direction of travel converts a capital-light routing business into one that carries consumer credit risk through a cycle it has never experienced.

3. Industry and Competitive Position

Retail brokerage in 2026 is consolidating into three archetypes. Schwab is the scale incumbent, roughly \$10 trillion of client assets, funded by an enormous low-cost deposit base and valued at about 14 times forward earnings. Interactive Brokers is the professional-grade venue, \$930 billion of customer equity growing 40%, 5.19 million accounts growing 34%, a \$156 billion market capitalisation and 34.7 times forward earnings. Coinbase is the crypto-native venue, priced at over 100 times forward earnings and living entirely on the same tape that is currently punishing Robinhood's crypto line.

Robinhood's position is genuinely differentiated but not obviously defensible. Its advantage is distribution to a demographic the incumbents historically could not reach, combined with product velocity that no incumbent matches: in a single quarter the company shipped Cortex Assistant, Robinhood Social, trust and custodial accounts, the Platinum Card, a NYSE-listed closed-end private markets fund, a public testnet for an Ethereum Layer 2, and secured in-principle approval from the Monetary Authority of Singapore. Schwab cannot ship at that cadence. The counter-argument is that none of these products carry meaningful switching costs, ACATS transfers are frictionless, and the company's core pricing advantage (zero commission) has been fully copied. What retains customers is habit, the Gold subscription, and accumulated unrealised gains, not contractual lock-in.

The strategically important development is the US Treasury naming Robinhood as broker and sole initial trustee for Trump Accounts. If that programme reaches national scale, it delivers custodial relationships with a cohort at the very start of its investing life, at essentially zero customer acquisition cost. Management has been explicit that the work is contracted on a cost-plus basis with a small margin, so the near-term profit contribution is negligible and the \$100 million of incremental spend is a real 2026 earnings headwind. The value, if any, is the funnel it creates in 2028 and beyond, which is outside this report's horizon and should not be paid for today.

Company	Mkt cap	Fwd P/E	Growth profile	Relative position
Robinhood (HOOD)	\$83.5B	44.0x	Rev +15% YoY Q1; platform assets +39%	Fastest product velocity, richest multiple, most cyclical revenue mix
Interactive Brokers (IBKR)	\$156.5B	34.7x	Q2 net revenue \$1.90B vs \$1.48B; accounts +34%	Higher-quality, more diversified revenue; growing accounts faster than HOOD
Charles Schwab (SCHW)	—	14.1x	Record quarter reported July 2026	Scale and deposit franchise; low growth, half the multiple
Coinbase (COIN)	—	~110x	Shares -18.5% YTD on crypto drawdown	Direct crypto proxy; expanding into equities, attacking HOOD's core
Industry median	—	~15.9x	Capital markets sector	HOOD trades at roughly 2.8x the sector's forward multiple

Multiples per GuruFocus and StockAnalysis.com as of late July 2026; IBKR market cap per CompaniesMarketCap. Coinbase forward P/E has ranged 110x–162x during 2026 and is unstable.

4. Financial Analysis

(\$ millions)	Q1 2025	Q4 2025	Q1 2026	YoY	QoQ	Read-through
Transaction-based revenue	583	776	623	+7%	−20%	Growth only because event contracts offset a 47% crypto collapse
Net interest revenue	290	411	359	+24%	−13%	Balance-sheet growth outrunning rate cuts; margin book +93%
Other revenue	54	96	85	+57%	−11%	Gold subscriptions \$50M, the only truly recurring line
Total net revenue	927	1,283	1,067	+15%	−17%	Deceleration from ~50% growth in 2025 is the central issue
Total operating expenses	557	633	656	+18%	+4%	Growing faster than revenue; opex now 61% of revenue vs 60%
Provision for credit losses	24	36	36	+50%	0%	Small in absolute terms but the fastest-growing cost line
Net income	336	605	346	+3%	−43%	Net margin compressed from 36% to 32% year over year
Diluted EPS	\$0.37	\$0.66	\$0.38	+3%	−42%	Missed the \$0.41 consensus; first clear execution stumble
Adjusted EBITDA	470	761	534	+14%	−30%	Margin 50% vs 51%; holding up better than GAAP

Source: Robinhood Q1 2026 condensed consolidated statements of operations, filed 28 April 2026.

Three things stand out. First, the sequential decline is severe: revenue fell 17% and net income fell 43% from Q4. Some of that is seasonal and some is the crypto tape, but a business valued at 44 times forward earnings is being priced for smooth compounding it is not currently delivering. Second, the quality of the balance sheet is genuinely strong: \$19.27 billion of cash against \$13.61 billion of debt leaves \$5.66 billion of net cash, or \$6.29 per share, and trailing free cash flow of \$3.01 billion converts at 65% of revenue. Third, the returns picture is more ambiguous than the 21.5% ROE suggests. Return on invested capital of 8.4% sits well below an estimated 14.7% cost of capital. For a broker with a large, customer-funded balance sheet this metric is partly an artefact, but it is a fair caution against paying a growth multiple for balance-sheet-driven earnings.

Capital allocation is defensible without being impressive. The company repurchased \$250 million of stock in Q1 at roughly \$81 per share, refreshed its authorisation to \$1.5 billion in March 2026, and has retired 25 million shares since Q3 2024 at an average of about \$46. Buying back stock at \$81 when it had previously bought at \$46 is a poorer use of capital, and net share count still rose 1.18% over the past year because share-based compensation of \$92 million per quarter more than offsets the repurchases. The buyback yield is negative. Shareholders are being diluted, not returned to.

5. Management and Governance

Vlad Tenev has taken a company that was widely written off after the January 2021 trading halts and rebuilt it into a \$4.6 billion revenue franchise. Execution on product is exceptional and consistent. The record is less clean on forecasting: Q1 2026 revenue of \$1.07 billion missed the \$1.17 billion consensus and EPS of \$0.38 missed \$0.41, and the CFO seat changed hands during the quarter, with \$13 million of share-based compensation booked for the transition. Management then guided Q2 to \$1.234 billion of revenue and \$0.45 of EPS, which sits above the \$1.22 billion sell-side number.

Governance carries the usual founder-controlled features. Insiders hold 12.78% of shares outstanding, institutions 62.89%, and the Class B structure concentrates voting power. Tenev has sold 375,000 shares in each of January, April and July 2026 under a Rule 10b5-1 plan adopted in September 2025, most recently \$43.6 million on 6 July near the highs. Pre-scheduled sales of consistent size should not be read as a signal, and he retains over 48 million Class B

shares. But the pattern is persistent, other executives including the Chief Legal Officer sold alongside him on the same date, and a further \$4.68 million director sale was disclosed on 28 July. Insider capital is moving in one direction.

The judgement to make is on the 2026 spending plan. Management has chosen to spend \$2.7–2.825 billion of adjusted operating expense and SBC into a decelerating revenue environment, and raised that plan by \$100 million for a Trump Accounts build that carries a deliberately thin margin. That is a defensible long-term choice and an unambiguous short-term earnings headwind. Investors buying today are funding it.

6. Growth Drivers

Driver	Mechanism	Likelihood	Impact
Event contracts / prediction markets	8.8 billion contracts in Q1; other transaction revenue \$147M, +320% YoY. Roughly 10% of net revenue and the fastest-growing line. Sports, macro and election markets extend the addressable base.	High	High
Net deposit compounding	\$67.8B of TTM net deposits, a 31% organic growth rate. Each dollar monetises through margin, sweep, Gold and trading irrespective of market direction.	High	High
Margin book and securities lending	Margin balances up 93% to \$17.0B after the deliberate shift of \$6B out of cash sweep. Directly lifts net interest revenue.	High	Medium
Robinhood Gold	4.3 million subscribers, +36%, \$50M quarterly subscription revenue. The only genuinely recurring, non-cyclical revenue in the model.	High	Medium
Consumer finance: banking and cards	\$2B of banking deposits, 800k+ Gold Card customers, Platinum Card launched. Raises revenue per customer but introduces credit risk and funding cost.	Medium	Medium
Trump Accounts	Sole initial trustee for a Treasury programme. Cost-plus economics near term; the value is the custodial funnel over a multi-year horizon.	Medium	Low near term
International expansion	MAS in-principle approval in Singapore; Bitstamp contributing \$42B of crypto notional. Adds addressable market but at lower initial monetisation.	Medium	Low
Crypto recovery	Bitcoin near \$63,000, more than 50% below its October 2025 peak. A cycle turn would restore a revenue line that fell 47% and is largely incremental margin.	Uncertain	High
Tokenisation / Robinhood Chain	Ethereum Layer 2 public testnet, 100 million transactions processed. Optionality with no revenue model attached yet.	Low near term	Speculative

7. Risk Assessment

Risk	Description	Probability	Severity
Valuation de-rating	44x forward earnings, 18x sales, PEG 2.6 against a business growing revenue 15%. A shift to IBKR's 34.7x multiple alone implies roughly 20% downside with no change to earnings.	High	High
Crypto cycle	Bitcoin –50%+ from its peak; ETF outflows of \$4.5B in June were the worst month on record. Crypto revenue already –47% and app notional volumes –48%. Further weakness has no offset.	High	High
Rate cuts compressing net interest	34% of revenue. Spread income on \$26B of swept cash and \$16.7B of deposits shrinks with each cut. Growth has offset this so far; that offset is not guaranteed.	Medium-High	High
CFTC action on event contracts	Proposed rule issued 10 June 2026 plus a March staff advisory on manipulation and real-time monitoring. An adverse framework removes roughly 10% of revenue and the primary growth narrative.	Medium	High
Consumer credit losses	Card receivables purchases of \$2.52B in Q1, first receivables-backed bond issued July 2026, provision +50% YoY. Untested through a downturn; the July securitisation itself pressured the shares.	Medium	Medium-High
Operating leverage failure	\$2.7–2.825B expense plan set against decelerating revenue. If revenue stays near \$1.1–1.3B per quarter, margins compress further from the already-lower 32% net margin.	Medium	Medium
Payment for order flow regulation	Structural, long-dated risk to the largest transaction revenue component. No active proceeding, but the exposure never disappears.	Low near term	High
Competitive encroachment	Coinbase entering US equities and ETFs; IBKR growing accounts 34%; Schwab defending with scale. Zero commission is no longer a differentiator and switching costs are minimal.	Medium	Medium
Price volatility / beta	Beta of 2.34 and a 14-day average true range of 7.2% of price. Position sizing errors are punished quickly; a 20% drawdown is an ordinary month, not a tail event.	High	Medium
Near-term event risk	Q2 2026 results are released after the close on 29 July 2026, hours after this report. Options markets are pricing a large move; the outcome is unknowable in advance.	Certain	High

8. Valuation

Three methods are appropriate here and a discounted cash flow model is not one of them in any load-bearing sense. Robinhood's cash flows are dominated by working-capital swings in customer payables and segregated cash, which makes reported operating cash flow (\$2.04 billion in a single quarter) an unreliable input. The three that do work are a forward earnings multiple benchmarked against a genuine peer, an EV/EBITDA cross-check, and a scenario-weighted terminal earnings approach.

Method	Assumption	Implied value	Assessment
Forward P/E vs. peer	2027E EPS of approximately \$2.56 (consensus 3-year EPS CAGR of 21.7% applied off a \$2.11 forward base) at 35x, a premium to IBKR's 34.7x for growth, discounted for revenue cyclicity.	\$90	Slightly below spot
EV/EBITDA cross-check	TTM EBITDA of \$2.22B at the current 35.0x. A move to 28x, still a large premium to the capital markets sector, on 15% EBITDA growth to ~\$2.55B.	\$85	Below spot
Terminal earnings, discounted	2028E EPS of roughly \$3.05 at a 30x exit multiple, discounted two years at a 12% cost of equity reflecting the 2.34 beta.	\$73	Materially below spot

Method	Assumption	Implied value	Assessment
Scenario-weighted fair value	Bull \$140 at 25%, base \$95 at 50%, bear \$55 at 25%. See Section 11.	\$96	Approximately at spot
Sell-side consensus	28 analysts, range \$52 to \$160. Recent moves: Bernstein to \$160 (17 Jul), KeyBanc to \$125 (22 Jul), Needham to \$123 (20 Jul), Morgan Stanley Hold at \$124.	\$121	31% above spot

The methods cluster between \$73 and \$96 while the shares trade at \$92.76 and the sell-side sits at \$121. The gap is explained by what one assumes about 2027 and 2028. The sell-side is capitalising the event contracts ramp, a crypto recovery and Trump Accounts simultaneously; the work above capitalises the current run-rate with credit for the deposit franchise. The honest conclusion is **fairly valued to modestly expensive**. There is no valuation cushion. At \$92.76 an investor is paying roughly 38 times 2028 estimated earnings on a two-year discounted basis, which requires nearly everything on the growth list to work.

Worth noting on the other side: the shares have already fallen 40% from the 52-week high of \$153.86 and the multiple has compressed from roughly 70x to 45x trailing. The de-rating is well advanced rather than beginning. That is why the conclusion is watchlist rather than avoid.

9. Sentiment and Positioning

Indicator	Reading	Signal
Sell-side consensus	Buy, average target \$121.40 across 28 analysts; distribution approximately 21 Buy / 4 Hold / 2 Sell; range \$52 to \$160	Bullish
Recent target revisions	Bernstein \$130→\$160 (17 Jul), Needham \$97→\$123 (20 Jul), KeyBanc \$100→\$125 (22 Jul); Morgan Stanley maintained Hold at \$124	Bullish
Institutional ownership	62.89% held by institutions, 12.78% by insiders; float of 784.6 million shares	Neutral
Insider transactions	CEO sold 375,000 shares in each of January, April and July 2026 under a 10b5-1 plan (\$43.6M on 6 July); CLO and a director also sold in July	Bearish
Short interest	38.09 million shares, 4.23% of shares outstanding and 4.85% of float, up from 37.50 million the prior month; 1.28 days to cover	Mildly bearish
News flow (moomoo digest)	Dominated by Q2 preview coverage and insider-sale filings. Bulls point to prediction markets and Trump Accounts as earnings drivers; Barron's frames the question as whether equities and prediction markets can offset the crypto slump. Robinhood Chain overtaking Solana and Ethereum for real-world asset trading is the main positive item.	Neutral
Price action	Fell nearly 6% intraday on 28 July as traders reduced risk into results; down 22.7% from the July high of \$120.05	Bearish

Sentiment is unusually split. The sell-side has been raising targets through July even as the shares fell, which means analysts and the tape disagree about the same set of facts. Meanwhile insiders sold into strength and short interest ticked up. When price action leads and estimates lag, price action is usually the better short-term guide, though this is a weak signal on its own.

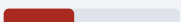
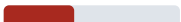
10. Technical Analysis

Indicator	Value	Interpretation
Last close	\$92.76	Down 3.02% on the session, on above-average volume
SMA 20	\$106.63	Price 13.0% below; short-term trend clearly broken
SMA 50	\$95.94	Price 3.3% below; medium-term trend rolled over
SMA 100	\$86.24	Price 7.6% above; the last intact uptrend reference
SMA 200	\$100.14	Price 7.4% below; long-term trend now negative (cited)
EMA 20 / EMA 50 / EMA 100	\$102.21 / \$97.44 / \$91.12	Price sitting almost exactly on the 100-day EMA, the first real support shelf
RSI (14)	40.8	Weak but not oversold; there is room to fall further before a bounce signal
MACD (12,26,9)	-0.48 / signal 2.16 / hist -2.65	Bearish crossover with the histogram deeply negative and widening
ATR (14)	\$6.63 (7.2% of price)	Extreme. Any stop tighter than roughly 10% will be triggered by noise alone
Volume (20d / 50d avg)	21.9M / 28.0M	Declining volume through the July fall; distribution rather than panic
Support levels	\$92.80 · \$86.24 · \$82.50	June 25 low, then the 100-day SMA, then the early-June consolidation shelf
Resistance levels	\$100 · \$106.36 · \$120.05	Round number and 200-day MA cluster, then the 20-day MA, then the July high
100-session range	\$63.52 – \$120.05	Price sits 22.7% below the period high and 46% above the period low

Indicators computed from 100 sessions of daily OHLCV (5 March – 28 July 2026) sourced from Alpha Vantage TIME_SERIES_DAILY. The 200-day simple moving average is cited from StockAnalysis.com as the series is shorter than 200 observations; the computed 50-day figure of \$95.94 matches the \$95.95 vendor value and RSI of 40.8 matches 40.82, confirming series alignment.

The technical picture is unambiguous and it is negative. Price broke down from \$115 on 15 July to \$92.76 in nine sessions, taking out the 20-, 50- and 200-day averages in sequence, with a MACD crossover confirming. The one constructive observation is that the stock has landed precisely on its 100-day EMA at \$91.12 with the 100-day SMA at \$86.24 just below, which is a logical place for a decline to pause. Technicals inform entry timing only; here they argue for patience rather than for a different view of the business.

11. Scorecard

Criterion	Score (out of 10)	Weight	Basis
Business Quality	 7	15%	Software-margin economics on a licensed broker; revenue mix still cyclical
Financial Strength	 7	12%	\$5.66B net cash, \$3.01B FCF; D/E 1.40 and rising credit exposure
Competitive Advantage	 6	12%	Brand and demographic reach, but negligible switching costs
Management	 7	10%	Outstanding product velocity; Q1 miss, CFO change, persistent insider sales
Growth Potential	 8	18%	Net deposits, event contracts, Gold, Trump Accounts, international
Valuation	 4	18%	44x forward, 18x sales, PEG 2.6, ROIC 8.4% below 14.7% WACC
Risk (higher = safer)	 4	10%	Beta 2.34, ATR 7.2%, crypto and CFTC exposure, earnings tonight
Technical Setup	 3	5%	Below 20/50/200-day averages, bearish MACD, RSI 40.8 and falling
Weighted Investment Score		100%	60 / 100

Weighted score = sum of (score x weight) x 10. Valuation and growth carry the heaviest weights because, at this price, they are the two variables that decide the outcome.

12. Recommendation: WATCHLIST

The business earns ownership. The price and the calendar do not. Robinhood is compounding customer assets at roughly 30% organically, has built a genuinely new revenue line in event contracts, holds \$5.66 billion of net cash and converts 65% of revenue to free cash flow. Those are not the characteristics of a stock to avoid. But at 44 times forward earnings with revenue decelerating to 15%, a return on invested capital below the cost of capital, a probability-weighted fair value of \$96 against a \$92.76 price, a broken technical structure, and quarterly results landing within hours, there is no version of this trade that is attractive on a risk-adjusted basis today.

This is a genuine watchlist name rather than a polite decline. The specific conditions that would convert it to a Buy are set out below, and two of them are testable within days.

What would change the view	Threshold
Price — the valuation cushion appears	Accumulation zone of \$76–\$84 , which corresponds to roughly 34–38x forward earnings, the 100-day simple moving average at \$86.24, and the early-June consolidation shelf. A full position becomes defensible below \$80.
Q2 evidence — the growth engine holds	Annualised net deposit growth at or above 20%, other transaction revenue continuing to compound sequentially, and adjusted EBITDA margin holding at 50% or better despite the expense plan.
Regulatory clarity — the tail risk is removed	A final CFTC framework that permits the existing event-contract set to continue operating without material restriction.
Margin trajectory — the spend plan pays off	Two consecutive quarters in which revenue growth exceeds operating expense growth, reversing the Q1 pattern of 15% versus 18%.
What would make it an Avoid	A sustained close below \$82.50 on rising volume; an adverse CFTC ruling on event contracts; or a credit provision that grows faster than the card receivables book. Any of these breaks the thesis rather than delaying it.

For an investor who already owns the stock, the calculus differs. Nothing in the Q1 numbers or the July news flow invalidates the long-term franchise case, and selling at \$92.76 after a 40% drawdown crystallises the de-rating without capturing the recovery. Holding is reasonable; adding here is not.

13. Scenario Analysis

Scenario	Revenue outlook	Earnings outlook	Fair value	Probability
Bull	Crypto cycle turns and app notional volumes recover; event contracts more than double from the Q1 run-rate; Trump Accounts drives a step-change in funded customers. FY2027 revenue approaching \$6.5B.	Operating leverage reasserts as the fixed expense plan is spread over a larger base; EPS approaching \$4.00 by 2028 with adjusted EBITDA margin above 55%. Multiple re-expands toward 40x.	\$140	25%
Base	Crypto stays depressed but stops deteriorating; equities, options and event contracts grow enough to keep total revenue compounding in the mid-to-high teens. FY2027 revenue near \$5.6B.	EPS grows roughly 20% annually to about \$3.05 by 2028, but the multiple compresses toward IBKR's 35x as growth normalises. Margins hold near current levels rather than expanding.	\$95	50%
Bear	Crypto weakness persists into 2027; the Fed cuts materially, compressing the net interest spread; an adverse CFTC ruling curtails event contracts. Revenue growth stalls in the mid single digits.	The \$2.7–2.825B expense plan cannot be cut fast enough; net margin falls below 25%; credit provisions accelerate. EPS stagnates near \$2.20 and the multiple compresses to roughly 22x.	\$55	25%

Probability-weighted fair value: $(0.25 \times \$140) + (0.50 \times \$95) + (0.25 \times \$55) = \$96.25$, approximately 4% above the 28 July close of \$92.76.

Probabilities sum to 100%. The distribution is wide because both tails are driven by variables outside management's control.

14. Final Verdict

Would an investor put personal capital into Robinhood at \$92.76 on 29 July 2026? No, and the reason is narrow enough to state precisely: the expected return does not compensate for the distribution of outcomes.

The bull case is well understood and largely correct on its own terms. Robinhood is the only retail platform simultaneously gathering assets at 30% organic growth, inventing a new derivatives category, and running software-company margins. Net deposits of \$67.8 billion over twelve months are a fact, not a projection, and they monetise regardless of whether markets go up. Free cash flow of \$3.01 billion on \$4.61 billion of revenue is exceptional. Twenty-eight analysts averaging a \$121 target are not being foolish.

The single biggest concern is that the market is paying a compounder's multiple for earnings whose largest swing factors are the Bitcoin price and the federal funds rate. Crypto revenue fell 47% and app notional volumes fell 48% in one year. Net interest, 34% of revenue, thins with every cut. Together those two exposures cover well over half the revenue line and neither is a management decision. Layer on operating expenses growing faster than revenue, a return on invested capital of 8.4% against a 14.7% cost of capital, a beta of 2.34, and a probability-weighted fair value that rounds to the current price, and the conclusion is not close. There is no margin of safety in a \$92.76 purchase.

What must change is straightforward. Either the price falls into the \$76–84 range, where a base-case fair value of \$95 provides genuine asymmetry, or the company demonstrates over two or three quarters that event contracts, margin lending and Gold can carry revenue growth above 20% without crypto's help. The first is a matter of patience; the second is a matter of evidence, and the first instalment arrives tonight. Either path converts this to a Buy. Neither requires a decision before the market closes today.

An experienced investor could reasonably challenge two things in the above. First, the terminal-multiple assumption: if event contracts genuinely become a structural, high-margin, non-cyclical revenue stream, 35x is too low and the base case fair value should be nearer \$120. Second, the ROIC critique: for a broker funding a margin book with customer credit balances, invested capital is a poor denominator and the 21.5% ROE may be the fairer measure. Both objections are legitimate. Neither changes the fact that the shares offer roughly 4% of probability-weighted upside into an earnings print, which is the operative point.

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