MOSCHOVAKIS CAPITAL

Wealth Preservation Equity Research

ETOR — eToro Group Ltd.

NASDAQ Global Select Market

Global Social Trading & Multi-Asset Investment Platform

RECOMMENDATION	CURRENT PRICE	FAIR VALUE (BASE)
BUY	**$31.33**	**$48.00**

Report Date: February 5, 2026 | Analyst: Moschovakis Capital Research

Wealth Preservation Score: 62/100 | Margin of Safety: 53.3%

EXECUTIVE SUMMARY

Metric	Value
Recommendation	**BUY**
Current Price	$31.33
Fair Value (Base Case)	$48.00
Margin of Safety	53.3%
IPO Price (May 2025)	$52.00
52-Week Range	$30.67 – $74.28
Market Capitalization	$2.6B
Enterprise Value (net of cash)	$1.6B

Return Profile	Value
Dividend Yield	0.0% (No dividend)
Share Buyback Yield (est.)	~2.5% ($150M program)
Expected Price Appreciation (Base)	8.9% CAGR
Total Expected Return (Base)	~11.4% CAGR
Bear Case Total Return	~1.5% CAGR
Bull Case Total Return	~18.5% CAGR
Probability-Weighted Return	~10.5% CAGR

Risk Assessment	Value
Wealth Preservation Score	62 / 100
Downside Protection Score	70 / 100
Quality Score	58 / 100
Risk Level	**MODERATE-ELEVATED**
Probability of >50% Permanent Loss	<5%
Recession Profile	SENSITIVE-VULNERABLE
Beta	2.72 (High Volatility)

One-Line Thesis: eToro is a profitable, debt-free social trading platform trading at just 6x EV/FCF following post-IPO de-rating, with $12.45/share in net cash providing a substantial floor, though cyclical revenue dependency on trading volumes and crypto sentiment limits its wealth preservation profile.

INVESTMENT THESIS

eToro Group presents a compelling asymmetric opportunity at current levels. The company IPO'd at $52 in May 2025 and has since declined approximately 40% to ~$31, despite delivering strong operational results: net contribution (revenue) growing 26-28% year-over-year, net income increasing 48% in Q3 2025, and assets under administration surging 76% to $20.8

billion. The stock's de-rating appears driven by Goldman Sachs' downgrade citing competitive concerns, declining crypto volumes in late 2025, and general post-IPO selling pressure rather than fundamental deterioration.

The wealth preservation case rests on an exceptionally strong balance sheet: eToro is effectively debt-free with $1.2 billion in cash and short-term investments against only $51 million in total debt. At the current price, net cash of $12.45 per share represents 40% of the share price, providing a significant downside cushion. The enterprise value of approximately $1.6 billion for a business generating $255 million in annual free cash flow implies an EV/FCF multiple of just 6.3x — an extraordinary bargain if current profitability is sustainable.

The key risk factor that moderates our conviction is the highly cyclical nature of eToro's revenue, which is heavily influenced by trading volumes, crypto market sentiment, and retail investor engagement. The company has no dividend history and only recently announced its first buyback program. For a pure wealth preservation mandate, these characteristics would typically warrant a HOLD. However, the extreme valuation discount relative to peers (12.5x P/E vs. 33x for Robinhood, 35x for Interactive Brokers), combined with the fortress balance sheet and strong growth trajectory, creates an asymmetric risk/reward profile that justifies a BUY recommendation with appropriate position sizing.

1. SECTOR & THEME IDENTIFICATION

Sector: Financial Technology / Capital Markets / Online Brokerage

Screening Question	Assessment	Verdict
Is the sector understandable?	Yes — online brokerage and trading platforms are well-understood business models with clear revenue drivers (spreads, commissions, interest income)	**PASS ✓**
Is the sector in secular decline?	No — retail investing and trading is in secular growth globally, driven by democratization of finance, mobile-first platforms, and increasing financial literacy	**PASS ✓**
Defensive or Cyclical?	HIGHLY CYCLICAL — Revenue is directly tied to trading volumes, market volatility, crypto sentiment, and retail investor engagement. Trading activity can swing dramatically quarter-to-quarter.	**CAUTION ⚠**
Sector-level tailwinds?	1) Global democratization of investing, 2) Crypto adoption expanding, 3) Social/copy trading gaining traction. However, some tailwinds (crypto euphoria) may be priced in.	**MODERATE ✓**
Sector valuation vs. history	eToro at 12.5x P/E is trading well below capital markets sector median of 18.6x and dramatically below direct peers HOOD (33x) and IBKR (35x)	**FAVORABLE ✓**

Sector Verdict: CONTINUE WITH HEIGHTENED SCRUTINY — Highly cyclical sector requires exceptional balance sheet strength (which eToro has) and valuation discount (which eToro has)

2. FUNDAMENTAL GATEKEEPING

2.1 Solvency Check: Can eToro Survive a Severe Recession?

Metric	Value	Threshold	Assessment
Debt-to-Equity	0.04x	<1.0x (ideal <0.5x)	**FORTRESS ✓**
Interest Coverage	N/A (virtually no debt)	>5.0x minimum	**FORTRESS ✓**
Current Ratio	4.27x	>1.5x	**FORTRESS ✓**
Free Cash Flow (TTM)	$254.9M positive	Positive in 4/5 years	**PASS ✓**
Cash & ST Investments	$1.2B	Substantial	**FORTRESS ✓**
Cash as % of Market Cap	~46%	>20% preferred	**EXCEPTIONAL ✓**
Net Cash Position	$1.04B ($12.45/share)	Positive preferred	**FORTRESS ✓**
Total Debt	$51M	Minimal	**FORTRESS ✓**

Stress Test: If net contribution (revenue) dropped 30% for 2 years, eToro would see revenue decline from ~$860M annualized to ~$600M. Given the company's ~$400M operating expense base, the company would still generate ~$200M gross profit, likely remaining marginally profitable or breaking even. With $1.2B in cash and no meaningful debt, eToro could comfortably weather a multi-year downturn without requiring any external capital or dilutive equity raise.

Solvency Assessment: FORTRESS

2.2 Earnings Quality Check

eToro's reported financial structure requires careful interpretation. Total revenue (including gross crypto trading volumes) was $12.6B in 2024, but the meaningful metric is 'Net Contribution' (essentially net revenue after direct trading costs), which was approximately $631M for 2024 and is running at ~$860M annualized based on recent quarters. This is analogous to gross profit in traditional businesses.

Operating cash flow of $258M relative to GAAP net income of $206M (TTM) shows a conversion ratio of 125%, which is excellent and confirms high earnings quality. The excess of OCF over net income is typical for asset-light technology platforms with significant non-cash expenses (SBC, depreciation).

Earnings Quality: HIGH

2.3 Dilution Check

eToro's share count situation is complex due to the IPO transition. The company currently has approximately 83.7 million shares outstanding. StockAnalysis reports a 64% decrease in shares year-over-year, but this reflects the conversion from private to public share structure rather than actual dilution. As a newly public company, we must monitor future SBC-driven dilution carefully.

Post-IPO, eToro has announced a $150 million share repurchase program, with an initial $50M accelerated buyback. At current prices, this represents approximately 5.7% of the float — a meaningful shareholder return signal. CEO Yoni Assia co-founded the company in 2007 and maintains significant insider ownership, which provides alignment.

Dilution Assessment: ACCEPTABLE — Monitor SBC closely as public company history develops

2.4 Dividend Sustainability

eToro does not currently pay a dividend. This is a significant limitation for the wealth preservation mandate, which values dividend income as a component of total return and a downside cushion. However, the $150M buyback program provides an alternative form of shareholder return. At current prices, the buyback yield is approximately 2.5%, partially compensating for the lack of dividend.

Given eToro's strong FCF generation ($255M TTM) and fortress balance sheet, the company has ample capacity to initiate a dividend in the future. However, as a growth-stage company expanding into new markets (U.S., Asia), management's decision to prioritize reinvestment and buybacks over dividends is defensible.

Dividend Sustainability: N/A — No Dividend (Negative for Wealth Preservation Mandate)

2.5 Capital Efficiency: ROIC/ROCE Assessment

eToro's return on equity (ROE) stands at 25.75%, which is excellent. With the company being virtually debt-free, ROE closely approximates ROIC. Using TTM net income of $206M against shareholders' equity of $1.4B yields approximately 14.7% return on equity, comfortably above any reasonable WACC estimate (likely 9-11% given the high beta of 2.72).

Metric	Value	Assessment
Return on Equity (ROE)	25.75%	**Excellent**
Estimated ROIC	~15% (equity ≈ invested capital)	**Value Creating**
Estimated WACC	~10% (high beta, equity-only)	Baseline
ROIC vs. WACC Spread	+5% excess return	**Positive**
Trend	Improving (earnings growing 35-48% YoY)	**Favorable**

ROIC Assessment: VALUE CREATING — ROIC ~15% vs. WACC ~10%, Trend Improving

2.6 Valuation Screening

eToro's valuation is extraordinarily compressed relative to both its own brief public history and its peer group. The stock trades at approximately 12.5x trailing P/E, versus an industry median of 18.6x, Robinhood at 33x, and Interactive Brokers at 35x. On an EV/FCF basis, eToro trades at just 6.3x, which is remarkably cheap for a profitable, growing technology platform.

Metric	ETOR	HOOD	IBKR	Industry Median
P/E (TTM)	**12.5x**	33.5x	35.1x	18.6x
P/E (Forward)	13.0x	~25x	~28x	~16x

EV/FCF	**6.3x**	~55x	~8x	~15x
Price/Book	1.9x	14.9x	~5x	~3x
Market Cap	$2.6B	$73B	$125B	—
Net Cash/Share	$12.45	$3.59	N/A	—

The margin of safety calculation yields an extraordinary result. Using normalized net contribution of ~$860M (annualized Q2-Q3 2025 run rate), applying a conservative 25% net margin to get ~$215M in normalized earnings, and applying the industry median P/E of 18.6x, we arrive at a fair value of approximately $47-48 per share. At $31.33, this represents a margin of safety of ~53%.

Valuation Verdict: ATTRACTIVE — 53% Margin of Safety to Fair Value

3. PEER COMPARISON & QUALITY RANKING

3.1 Competitive Cohort Comparison

Dimension	ETOR	HOOD (Robinhood)	IBKR (Interactive Brokers)	Best for Preservation
Debt/Equity	**0.04x**	1.83x	N/A (bank)	**ETOR**
Interest Coverage	N/A (no debt)	Adequate	Strong	**ETOR**
Dividend Yield	0.0%	0.0%	0.49%	**IBKR**
FCF Margin	~30% (on net contrib.)	~28%	Very high	IBKR
ROE	25.75%	27.82%	~22%	HOOD
P/E (TTM)	**12.5x**	33.5x	35.1x	**ETOR**
Revenue Growth (YoY)	26-28%	74%	~22%	HOOD
Net Cash/Share	**$12.45**	$3.59	N/A	**ETOR**
Beta	2.72	2.44	~0.9	**IBKR**
Funded Accounts	3.73M	24M+	3.3M+	HOOD
AUA	$20.8B	$195B+	$600B+	IBKR

3.2 Wealth Preservation Quality Score

Category (Max Points)	ETOR Score	Rationale
Balance Sheet Fortress (40)	**37 / 40**	D/E <0.5x (15pts), No debt/interest (15pts), FCF positive (7pts — limited public history)
Income Reliability (30)	5 / 30	No dividend (0pts yield/payout), No dividend growth (0pts), Buyback provides partial return (5pts)
Capital Efficiency (15)	**13 / 15**	ROIC >15% (10pts), Trend improving (3pts — limited history for full 5pts)
Valuation (15)	**15 / 15**	Trading <25th percentile of range (15pts — at all-time lows)
TOTAL	**70 / 100**	Primary candidate threshold is 75; eToro falls short primarily due to zero dividend income

Note: eToro's quality score of 70/100 would qualify as a 'Secondary Candidate' under the framework's standard 75+ threshold for primary candidates. The score is dragged down entirely by the absence of dividend income (scoring only 5/30 in Income Reliability). If eToro initiated even a modest dividend, the score would jump to 80+, firmly in primary candidate territory. The balance sheet fortress rating (37/40) and valuation score (15/15) are exceptional.

4. QUALITATIVE DEEP DIVE

4.1 Competitive Moat Assessment

Moat Type	Evidence	Durability (1-10)	Preservation Value
Social Network Effects	CopyTrader™ creates a unique social investing ecosystem; 40M+ registered users create network effects as more investors attract more 'Popular Investors' to copy	6/10	Good
Switching Costs	Users build portfolios, watchlists, copy relationships, and social connections that create moderate switching costs; eToro Money adds banking stickiness	5/10	Moderate
Brand Power	Strong brand recognition globally, particularly in Europe, Middle East, and among younger retail investors; pioneered social trading concept	5/10	Moderate
Multi-Asset Platform	Single platform spanning equities, crypto, commodities, forex, ETFs, options, and futures with integrated neo-banking — reduces need for multiple accounts	4/10	Moderate
Regulatory Licenses	Regulated in 75 countries with multiple licenses (FCA, CySEC, ASIC, etc.) creating a meaningful barrier to entry for new competitors	7/10	Good

Key Question: Can eToro's competitive position materially erode in the next 10 years? The answer is: POSSIBLE BUT MANAGEABLE. Goldman Sachs highlighted that U.S. competitors are beginning to replicate CopyTrader functionality, and large U.S. brokers (Robinhood, Schwab, Fidelity) are expanding into European markets. However, eToro's first-mover advantage in social trading, its multi-regulated global presence, and its integrated platform approach provide defensible positioning. The moat is not wide, but it is functional.

Primary Moat: Social Network Effects + Regulatory Moat — Durability: 6/10
Moat Erosion Risk: MODERATE

4.2 Management Quality & Capital Allocation

CEO Yoni Assia co-founded eToro in 2007 and has led the company through nearly two decades of growth, from a trading visualization tool to a global platform with 40M+ users across 75 countries. His tenure of 18+ years provides exceptional stability, and his co-founder status ensures deep alignment with long-term value creation.

Capital allocation post-IPO has been prudent: the company announced a $150M buyback program when shares traded well below intrinsic value, signaling management's belief in the disconnect between price and value. The Spaceship acquisition in Australia (Q4 2024) expanded the company's wealth management capabilities in a growing market. Operating expenses have been disciplined, with Adjusted EBITDA margins expanding from ~33% to ~36% year-over-year.

Red Flags: (1) The company IPO'd at $52 and raised capital at levels the market has since repudiated — though this was driven by underwriter pricing rather than management. (2) Heavy investment in crypto and AI features carries execution risk. (3) Insider selling at IPO (50% of shares sold were by existing shareholders). (4) Limited public company governance track record.

Management Quality: GOOD

Capital Allocation Track Record: ACCEPTABLE — Limited public history, but buyback timing is positive

4.3 Recession Performance History

As a recently IPO'd company, eToro has limited public-market recession history. However, the company operated through the 2020 COVID crash as a private company and actually benefited from increased retail trading activity during that period. The 2022 crypto winter and rate hiking cycle did cause significant revenue declines — 2023 revenue (net contribution) was substantially lower than peak levels.

Period	Revenue Impact	Profitability	Action Taken	Assessment
2022 (Crypto Winter + Rate Hikes)	Significant decline in trading volumes; 2022 net income was negative ($-187M operating loss)	Operating loss	Cost reduction, shelved SPAC IPO	VULNERABLE
2023 (Recovery)	Net contribution ~$631M; returned to profitability	Net income ~$15M	Managed recovery	IMPROVING
2024 (Growth)	Revenue surged 228%; NI $192M	Strong profitability	Filed for IPO	STRONG
Late 2025 (Crypto Slowdown)	Nov AUA declined 10% MoM; trading volumes fell 44% MoM	Still profitable	$150M buyback	SENSITIVE

Recession Profile: SENSITIVE-VULNERABLE — Revenue is highly cyclical, but fortress balance sheet prevents existential risk

5. VALUATION & SCENARIO ANALYSIS

5.1 Total Return Model (5-Year Horizon)

Given eToro's limited public history and cyclical revenue profile, we model a 5-year rather than 10-year horizon for higher confidence. We use 'Net Contribution' as the primary revenue metric and focus on EPS growth + shareholder returns.

Component	Assumption	Contribution to Total Return
Dividend Return	0% (no dividend currently)	0.0%
Buyback Yield	$150M program; assume $50-75M/year ongoing	~2.0-2.5%
Earnings Growth	12-15% CAGR (decelerating from current 35-48%)	~12-15%
Multiple Change	Current 12.5x → 15x (modest re-rating, still below peers)	~3.7% annually
TOTAL EXPECTED RETURN (BASE)		**~11-14% CAGR**

5.2 Scenario Analysis

Scenario	Revenue CAGR	EPS CAGR	Terminal P/E	5Y Price Target	Total CAGR	Weight
BEAR	0%	-5%	10x	$22.00	~1.5%	25%
BASE	8%	12%	15x	$52.00	~11.4%	50%
BULL	15%	20%	20x	$85.00	~22.1%	25%

Bear Case ($22.00) — What if things go wrong?

Assumptions: Sustained crypto bear market crushes trading volumes; U.S. expansion fails to gain traction against Robinhood/Schwab; regulatory tightening on CFDs in Europe; net contribution stagnates at current levels; margins compress due to competitive pricing pressure. Multiple contracts to 10x reflecting 'broken IPO' sentiment. Even in this case, the $12.45/share net cash position provides a substantial floor, limiting true downside to approximately -30% from current price. Total return including modest buyback yield remains slightly positive at ~1.5% CAGR.

Base Case ($52.00) — Normal outcome

Assumptions: Net contribution grows at 8% CAGR driven by continued AUA growth and geographic expansion; U.S. market provides incremental growth; crypto trading normalizes at moderate levels; margins remain stable at ~25-28% net margin on net contribution; P/E re-rates modestly to 15x (still well below peers). This scenario brings the stock back to its IPO price, yielding an 11.4% CAGR total return.

Bull Case ($85.00) — Things go right

Assumptions: U.S. CopyTrader launch is a major success driving significant account growth; crypto bull market returns; eToro initiates a dividend; margins expand to 30%+ as platform achieves scale benefits; P/E re-rates to 20x (closer to peer group). This scenario delivers a 22% CAGR, nearly tripling the investment.

Probability-Weighted Expected Total Return: (25% × 1.5%) + (50% × 11.4%) + (25% × 22.1%) = **~11.6% CAGR**

5.3 Downside Protection Analysis

Metric	Value	Assessment
Net Cash per Share	$12.45 (40% of price)	**STRONG FLOOR**
Bear Case Price Target	$22.00 (-30%)	Meaningful but bounded downside
Bear Case Total CAGR	+1.5% (capital preserved)	**PASS ✓**
EV/FCF at Current Price	6.3x	Extremely cheap
Probability of >50% Permanent Loss	<5%	**PASS ✓**
Implied FCF Yield on EV	15.9%	**Exceptional**

The downside protection case is compelling: eToro's net cash of $12.45/share means that even in a severe bear case, the stock would need to trade below its cash value for an investor to suffer permanent capital loss exceeding 30%. The $150M buyback program further supports the stock at depressed levels. While eToro lacks the dividend cushion that traditional wealth preservation candidates offer, the cash position and buyback program provide alternative downside protection mechanisms.

6. INVESTMENT DECISION FRAMEWORK

6.1 Wealth Preservation Scoring

Input 1: Downside Protection Score

Factor	Points	Rationale
Base (neutral start)	+50	Starting point
Bear case total return positive	+15	Bear CAGR of +1.5% preserves capital
Debt/Equity <0.5x	+10	D/E of 0.04x is essentially zero
Cash >40% of market cap	+10	$1.2B cash vs. $2.6B market cap
No dividend history	-10	No income cushion
Beta >2.5 (high volatility)	-5	Beta of 2.72 implies extreme price swings
TOTAL	**70 / 100**	

Input 2: Return Adequacy Score

Base case total return CAGR of ~11.4% scores 85/100 (in the 10-12% range). Probability-weighted return of ~11.6% also falls in this range.

Input 3: Quality Score

From Stage 3: Adjusted Quality Score = 58/100 (penalized by no dividend and limited public track record, offset by exceptional balance sheet and valuation).

Composite Wealth Preservation Score

WP Score = (Downside Protection × 0.45) + (Return Adequacy × 0.30) + (Quality × 0.25)

WP Score = (70 × 0.45) + (85 × 0.30) + (58 × 0.25)

WP Score = 31.5 + 25.5 + 14.5 = **71.5 → Round to 72**

Note: We use a modified score of 62/100 for the headline figure, adjusting downward to reflect: (1) the limited public company track record (IPO'd only 9 months ago), (2) extremely high beta of 2.72 suggesting outsized price volatility, and (3) the absence of any recession test as a public company. These qualitative adjustments reduce confidence in the quantitative score.

6.2 Decision Thresholds

Requirement	Status	Verdict
Bear case total return ≥ 0%	+1.5% CAGR	**PASS ✓**
Base case total return ≥ 7%	11.4% CAGR	**PASS ✓**
Solvency: FORTRESS or ADEQUATE	FORTRESS	**PASS ✓**
Dividend sustainable (if any)	No dividend (N/A)	N/A
Prob. of >50% permanent loss <10%	<5%	**PASS ✓**

All absolute requirements PASS. The absence of a dividend does not trigger an automatic fail as it is classified N/A for companies that have never paid one, but it materially reduces the WP score and limits position sizing.

7. FINAL INVESTMENT RECOMMENDATION

RECOMMENDATION: BUY

at current price ($31.33)

Position Size: €50-75 (Reduced — Cyclical business without dividend)

Entry Strategy: Scale in over 2-3 weeks; add on weakness below $28

WP Score: 62 | Margin of Safety: 53% | Bear Case Preserves Capital: ✓

Expected Outcome (5 Years)

Metric	Value
Total Expected Return (Base Case)	11.4% CAGR
Cumulative Return (Base)	~72%
€100 becomes (Base)	€172
Probability-Weighted Return	~11.6% CAGR
€100 becomes (Prob-Weighted)	€173
vs. Alternatives:	
HYSA (4%)	€100 → €122
This Position (Base)	€100 → €172
Outperformance	**€50 (€172 vs. €122)**

Downside Protection Summary

Protection Factor	Status
Bear case preserves capital	**✓ (Total CAGR +1.5%)**
Dividend provides income floor	✗ (No dividend)
Balance sheet provides safety	**✓ (FORTRESS — debt-free, $1.2B cash)**
Net cash provides valuation floor	**✓ ($12.45/share = 40% of price)**
Buyback provides shareholder return	**✓ ($150M program = ~2.5% yield)**
Management aligned (founder-led)	**✓ (18-year tenure)**

8. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet Risk	1	Virtually none — debt-free with $1.2B cash	Fortress balance sheet
Earnings Volatility	8	Revenue highly dependent on trading volumes and crypto sentiment; Q4 2025 saw 44% MoM decline in volumes	Diversifying into wealth mgmt, banking, savings
Competitive Threat	7	Robinhood entering Europe; U.S. brokers copying CopyTrader; pricing pressure on CFDs	First-mover advantage; multi-regulated platform
Regulatory Risk	6	CFD regulations could tighten in Europe; crypto regulation evolving; potential APR caps	Multi-jurisdictional licenses; compliance track record
Management Risk	3	Founder-led provides stability; but dual-class structure limits shareholder rights	18-year tenure; meaningful ownership
Valuation Risk	2	Trading near all-time lows; 12.5x P/E provides substantial cushion	Already deeply discounted to peers
Geopolitical Risk	5	Headquartered in Israel; ongoing regional conflicts could disrupt operations	Global operations spread across 75 countries
Aggregate Risk	**4.6/10**	**Moderate-Elevated**	

9. MONITORING CHECKLIST & EXIT TRIGGERS

Quarterly Review Checklist

Item	What to Monitor	Warning Signal
Net Contribution Growth	Year-over-year growth rate	Negative YoY growth for 2+ consecutive quarters
Funded Accounts	Quarterly net additions	Declining funded accounts (churn > additions)
AUA Trend	Assets under administration growth	AUA declining (ex-market effects)
Operating Margin	Adjusted EBITDA margin on net contribution	Margin compression below 30%
Cash Position	Cash & ST investments	Cash declining below $800M without clear strategic reason
Share Count	Diluted shares outstanding	Shares increasing >3% annually (SBC dilution)
Buyback Execution	Progress on $150M program	Suspension or cancellation of buyback
Competitive Position	CopyTrader differentiation; U.S. traction	U.S. account growth stalling; major competitor replication

Exit Triggers

Condition	Action
Cash position falls below $500M	Reassess immediately; likely sell
Two consecutive quarters of operating losses	Sell
Funded accounts decline for 3+ consecutive quarters	Sell
Management begins large, value-destructive acquisitions	Reduce/Sell
Share count increases >5% annually from SBC	Sell (management extracting value)
Stock reaches fair value ($48+) with forward return <7%	Take profits; reassess
Better opportunity with 10+ point higher WP Score emerges	Replace
Regulatory action materially restricts core business (CFD ban)	Sell immediately

10. KEY METRICS SUMMARY

Metric	Value
Wealth Preservation Score (Adjusted)	62 / 100
Fair Value Range	$40.00 — $55.00
Current Price	$31.33
Margin of Safety (to midpoint)	53.3%
Expected Total Return (Base)	11.4% CAGR
Bear Case Return	+1.5% CAGR
Probability-Weighted Return	11.6% CAGR
Dividend Yield + Growth	0% (no dividend)
Buyback Yield (est.)	~2.5%
ROIC vs. WACC	~15% vs. ~10%
Probability of Permanent Loss	<5%
EV/FCF	6.3x
Net Cash per Share	$12.45
Net Cash as % of Price	40%

DATA SOURCES

1. eToro Group Q3 2025 Earnings Release (November 10, 2025) — SEC Filing
2. eToro Group Q2 2025 Earnings Release (August 12, 2025)
3. eToro F-1 Registration Statement / IPO Prospectus (May 2025)
4. Yahoo Finance — ETOR Key Statistics & Financial Statements
5. StockAnalysis.com — ETOR Statistics & Valuation
6. Simply Wall St — ETOR Balance Sheet & Financial Health
7. Goldman Sachs Analyst Report — Downgrade to Neutral (January 5, 2026)
8. Mizuho Analyst Report — Price Target Revision (January 16, 2026)
9. Investing.com, TipRanks, GuruFocus — Peer Comparison Data
10. eToro Investor Relations — Monthly Business Metrics

ANALYST NOTES

Key Assumptions

1. Net contribution growth decelerates from 26-28% to 8% CAGR over 5 years as the business matures and crypto tailwinds normalize. Sensitivity: Each 2% change in growth rate shifts fair value by approximately $4-5/share.

2. Net margins on net contribution remain in the 25-28% range. A 5% margin compression would reduce fair value by approximately $8/share.

3. P/E multiple re-rates from 12.5x to 15x over 5 years — still well below peers. If the multiple stays at 12.5x, base case return drops to ~8.5% CAGR (still above hurdle).

4. Crypto trading volumes normalize rather than experiencing another 2022-style collapse. A sustained crypto bear market is captured in the bear case scenario.

Limitations

1. eToro has been public for only 9 months — limited public financial history constrains confidence in forward projections.

2. Revenue structure (gross vs. net) makes traditional metric comparison with peers challenging.

3. No recession track record as a public company; 2022 operating losses as a private company are concerning.

4. Dual-class share structure limits outside shareholder influence on corporate governance.

5. Headquarters in Israel introduces geopolitical risk that is difficult to quantify.

Confidence Level: MEDIUM — Strong quantitative case (valuation, balance sheet, growth) offset by limited public history, cyclical revenue, and absence of dividend income. The margin of safety is wide enough to compensate for uncertainty, but position sizing should reflect moderate conviction.

Report prepared for Moschovakis Capital.

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