



WEALTH PRESERVATION EQUITY RESEARCH

CVLT

Commvault Systems, Inc.

RECOMMENDATION

BUY

Current Price	\$75.00
Fair Value (Base)	\$116.00
Margin of Safety	35.3%
WP Score	81 / 100
Expected Return	14.7% CAGR
Bear Case Return	+2.9% CAGR

Debt-free cyber resilience leader trading at a 5-year valuation trough with \$1B in cash, 18%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

Report Date: March 30, 2026

Exchange: NASDAQ | Sector: Technology | Industry: Software - Application

Analyst: Moschovakis Capital Research

This analysis is for informational purposes only and does not constitute investment advice.

EXECUTIVE SUMMARY

Metric	Value
Recommendation	BUY
Current Price	\$75.00
Fair Value (Base Case)	\$116.00
Margin of Safety	35.3%
Target Entry Price	\$75.00 (at current level)

Return Profile	Value
Dividend Yield	0.0% (no dividend)
Expected Price Appreciation	16.6% CAGR
Total Expected Return (Base)	16.6% CAGR
Bear Case Total Return	+2.9% CAGR
Bull Case Total Return	+22.8% CAGR
Probability-Weighted Return	14.7% CAGR

RECOMMENDATION

\$75.00

Risk Assessment	Value
Wealth Preservation Score	81 / 100
Downside Protection Score	75 / 100
Return Adequacy Score	100 / 100
Quality Score	70 / 100
Risk Level	MODERATE
Probability of >50% Loss	<5%
Recession Profile	SENSITIVE

One-Line Thesis:

Commvault is a debt-free cyber resilience leader with \$1B+ in cash, 18%+ revenue growth, and strong free cash flow generation. At \$75, the stock trades near its 52-week low at ~18x forward non-GAAP earnings after a 63% drawdown from its all-time high, offering asymmetric risk/reward where even the bear case preserves capital.

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Commvault occupies a commanding position in enterprise data protection and cyber resilience, a market that Gartner estimates at \$24B today and projects to reach \$38B by 2028 at a 12% CAGR. The company holds a Gartner Magic Quadrant Leader position alongside Veeam and Rubrik, and its Commvault Cloud platform has driven a successful transition from perpetual licenses to a subscription and SaaS model. Subscription revenue now accounts for over two-thirds of total revenue, growing 30% year-over-year in Q3 FY2026, while SaaS ARR has reached \$364M, growing 40% year-over-year.

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The stock dropped 31% in a single session on January 27, 2026 after Q3 FY2026 earnings, despite beating revenue estimates by \$15M and EPS estimates by 19%. The sell-off stemmed from a deceleration in SaaS ARR growth (40% vs. 56% in Q2) and Q4 revenue guidance that came in at consensus rather than above it. Ambulance-chaser law firms filed securities investigations, a standard playbook after any large stock decline that carries zero predictive value for actual wrongdoing. The stock has continued to drift lower, losing 42% from its pre-earnings close of \$129 to the current \$75.

Commvault Systems, Inc.

For a wealth preservation investor, the setup at \$75 is compelling. Commvault carries zero debt, holds \$1.026B in cash, generates \$200M+ in annual free cash flow, and operates in a sector where spending is non-discretionary for enterprises facing escalating cyber threats. The forward non-GAAP P/E of ~18x prices the stock as if growth will stall, yet the company guides for 18% revenue growth in FY2026 and ARR momentum suggests low-to-mid-teens growth is sustainable for years. The primary structural penalty under our framework is the absence of a dividend, which costs 30 points in the Income Reliability sub-score. The company has chosen to return capital via buybacks instead, having repurchased \$184M in FY2024 and approved a cash \$250M authorized share repurchase program in January 2026.

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Business Model: Commvault provides enterprise-grade data protection, backup, recovery, and cyber resilience software and SaaS across hybrid and multi-cloud environments. Revenue comes from subscription licenses (term-based + SaaS), legacy perpetual licenses, customer support, and professional services. The company serves over 100,000 instances globally, including a significant share of the Fortune 500.

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Moat Type	Evidence	Durability	WP Value
Switching Costs	Enterprise backup infrastructure deeply embedded in IT stack	9/10	Excellent
Platform Breadth	800+ data sources, 100+ cloud targets, broadest coverage	8/10	Excellent
Patents/IP	1,600+ patents in deduplication, indexing, tiering	7/10	Good
Brand/Trust	Gartner MQ Leader 13 consecutive years	8/10	Excellent

Market Position: Commvault is one of five Gartner Magic Quadrant Leaders in Backup and Data Protection (alongside Veeam, Rubrik, Cohesity, and Dell). The company differentiates through the broadest workload coverage in the industry and a unified code base that spans on-premises, cloud, and hybrid environments. The \$24B data protection market is growing at 12% CAGR toward 2028, driven by escalating ransomware threats, multi-cloud adoption, AI data workloads, and regulatory compliance requirements.

Pricing Power: STRONG. Commvault's SaaS Net Dollar Retention Rate of 121% confirms the company can expand revenue within its existing customer base. Enterprise data protection is mission critical and carries high switching costs, giving vendors pricing leverage.

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Metric	Value	Threshold	Assessment
Debt/Equity	0.00x	<1.0x	PASS
Total Debt	\$0	N/A	Debt-Free
Cash & Equivalents	\$1,026M	N/A	Fortress
Interest Coverage	N/A (no debt)	>5.0x	PASS
Current Ratio	2.34x	>1.5x	PASS
FCF Positive (5Y)	5/5	5/5	PASS

Solvency Verdict: FORTRESS

Commvault Systems, Inc.

Commvault operates with minimal debt, and has been debt-free for over five years. The \$1.026B cash position exceeds the company's entire annual revenue run rate. In a 30% revenue decline stress test, the company would remain solvent with no need for external financing, no debt covenants to breach, and sufficient cash to continue operations and buybacks for years.

RECOMMENDATION

Profitability Metrics

Current Price

\$75.00

Fair Value (Base)

\$116.00

Metric	Current (TTM)	FY2025	FY2024	Trend
Revenue	\$1.15B	\$996M	\$839M	▲
Gross Margin (Non-GAAP)	81.5%	82.4%	82.0%	■
EBIT Margin (Non-GAAP)	19.6%	21.1%	21.1%	▼
FCF Margin	~19%	20.5%	23.8%	▼
Non-GAAP EPS (TTM)	~\$4.03	\$3.80	\$3.59	▲
ROIC	>100%	>80%	>50%	▲

ROIC appears extremely high because Commvault operates as an asset-light software business with minimal tangible invested capital. The relevant profitability metric is free cash flow margin, which sits at ~19-20% and has declined modestly as the company invests in SaaS platform scaling. Non-GAAP EBIT margins are guided to 19-20% for FY2026, reflecting the trade-off between growth investment and profitability.

Shares outstanding have declined from ~46.7M (FY2022) to ~44.0M (current), a reduction of approximately 5.8% over four years. The company repurchased \$184M in FY2024, \$41M in Q3 FY2026 alone, and the board authorized a fresh \$250M buyback in January 2026. This is capital allocation that benefits shareholders. Stock-based compensation is the primary headwind: GAAP net income significantly trails non-GAAP due to SBC charges, which is standard for mid-cap software companies but reduces GAAP EPS.

Dilution Assessment: EXCELLENT (net share count declining)

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Commvault does not pay a dividend. The company returns capital to shareholders exclusively through share repurchases. Under the Wealth Preservation Framework, this creates a structural penalty of up to 30 points in the Income Reliability sub-score within the Quality pillar.

The absence of a dividend means investors receive zero income floor during drawdowns. In a prolonged bear market, a dividend-paying stock provides return-on-cost that cushions total return calculations. Commvault's buyback program partially compensates by reducing share count and increasing per-share economics, but buybacks do not provide the same behavioral anchoring or cash return that dividends offer.

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Metric	Value	Assessment
Current Yield	0.0%	No dividend
Payout Ratio	N/A	N/A
Capital Return Method	Buybacks (\$184M FY24)	Active, well-executed
New Authorization	\$250M (Jan 2026)	Management commitment
Dividend Sustainability	N/A	Not Applicable

Income Reliability: 0 / 30 points (structural penalty for zero dividend)

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Valuation Analysis

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Commvault Systems, Inc.

Metric	Current	5Y Avg	vs. History
P/E (GAAP, TTM)	~39x	~45x	Below avg
P/E (Non-GAAP, Forward)	~18x	~28x	Deep discount
EV/EBITDA	~32x	~40x	Below avg
P/FCF	~15x	~25x	Deep discount
P/S	~2.9x	~5.5x	Deep discount
EV/Revenue	~2.2x	~5.0x	Deep discount

Method 1 — Non-GAAP Earnings Multiple: Non-GAAP EPS FY2026E: ~\$4.20. Fair P/E for an 18% grower with 18%+ revenue growth: 25x - 30x. Price range: \$92 - \$105. Midpoint: \$99.

Method 2 — FCF Yield: FCF FY2026E: ~\$217M. Shares: 44M. FCF/share: \$4.93. At a 4% FCF yield (25x P/FCF, appropriate for quality growth): Fair value: \$123. At a 5% FCF yield (20x P/FCF, conservative): Fair value: \$99.

Method 3 — EV/Revenue: FY2026E revenue: \$1.18B. Fair EV/Revenue for profitable 18%-growth SaaS company: 4.7x - 5.9x. EV range: \$4.7B - \$5.9B. Less net cash (\$1.0B). Equity value: \$3.7B - \$4.9B. Per share: \$84 - \$111. Midpoint: \$98.

RECOMMENDATION

BUY

Blended Fair Value: \$100 (conservative) to \$116 (base). At \$75, the margin of safety is 25% to the conservative estimate and 35% to the base estimate.

Current Price

Fair Value (Base)

Margin of Safety

WP Score

Expected Return

Bear Case Return

\$75.00

\$116.00

35.3%

81 / 100

14.7% CAGR

+2.9% CAGR

Valuation Verdict: **ATTRACTIVE** | Margin of Safety: 25-35%

The stock trades at multi-year valuation lows on every metric. The forward non-GAAP P/E of ~18x is the cheapest the stock has been since 2022, pricing in growth deceleration that has not materialized in the fundamentals. Analyst consensus maintains a \$148 price target, implying 97% per-10y growth.

Debt-free cyber resilience leader trading at a 5-year valuation trough with \$1B in cash, 18%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

SCENARIO ANALYSIS

Scenario	Rev CAGR	EBIT Margin	Terminal P/E	10Y Price	Total CAGR	Weight
Bear	5%	20%	15x	\$100	+2.9%	25%
Base	12%	25%	20x	\$348	+16.6%	50%
Bull	15%	28%	22x	\$587	+22.8%	25%

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Revenue growth decelerates to 5% CAGR as competition from Rubrik, Cohesity-Veritas, and Veeam intensifies. Non-GAAP EBIT margin holds at 20% (no expansion). Terminal non-GAAP P/E compresses to 15x, reflecting a mature, low-growth software business. In this scenario, revenue reaches ~\$1.92B in year 10, generating after-tax non-GAAP earnings of ~\$697M. With ~44M shares and 15x earnings, the price target is ~\$100. The 10-year CAGR from \$75 is +2.9%, preserving capital.

Revenue grows at 12% CAGR as the data protection market expands and Commvault captures its fair share. EBIT margin expands to 25% as SaaS scales and operating leverage kicks in. Terminal P/E of 20x reflects a quality compounder growing at mid-single-digits at maturity. Share count declines to ~40M via buybacks. Revenue reaches \$3.67B, after-tax earnings ~\$697M, EPS ~\$17.4, price fair at \$348, CAGR: +16.6%.

RECOMMENDATION

BUY

Bull Case Assumptions (25% Pro)

Current Price

\$75.00

Fair Value (Base)

\$116.00

Margin of Safety

35.3%

WP Score

317/100

Expected Return

14.7% CAGR

Bear Case Return

+2.9% CAGR

Debt-free cyber resilience leader trading at a 5-year valuation trough with \$1B in cash, 18%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

Metric	Value	Assessment
Bear Case Total Return	+2.9% CAGR	Capital Preserved
Bear Case Price (10Y)	\$100	33% upside from \$75
Max Estimated Drawdown	~15% (to ~\$64)	Tolerable
Probability of >50% Perm. Loss	<5%	PASS

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RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	1	None	Debt-free, \$1B cash
Earnings Volatility	5	GAAP EPS volatile due to SBC	Non-GAAP and FCF are stable
Competitive Threat	6	Rubrik, Veeam, Cohesity-Veritas	Broadest coverage, 1600 patents
Regulatory Risk	2	Data sovereignty regulations	Products help compliance
Management Risk	4	CEO comp high (\$18.8M), CFO transition	7-year tenure, aligned
Valuation Risk	3	GAAP PE still elevated	Non-GAAP PE at 5Y low
Growth Deceleration	5	SaaS ARR growth slowing	Still 40% growth, market expanding
Aggregate Risk	3.7		

Commvault Systems, Inc.

Commvault IPO'd in 2006 and has traded through the 2008-09 financial crisis and the 2020 COVID drawdown. Data protection spending is relatively non-discretionary because enterprises cannot suspend backup operations. However, software purchasing decisions can be deferred during severe downturns, and the transition to subscription SaaS reduces the impact of deal slippage.

RECOMMENDATION

Current Price

\$75.00

Metric	2020 COVID	Assessment
Revenue Impact	Flat (FY2021 \$724M vs FY2020 \$711M)	Minimal
FCF Impact	\$119M (FY2021) vs \$84M (FY2020)	Improved
Stock Drawdown	~35% peak-to-trough	Moderate
Recovery Time	~8 months	Reasonable
Capital Raise Needed?	No	Strong

Debt-free, 12%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

Johnson Fisteel and Kessler Topaz have filed securities law investigations following the 31% stock decline on January 27, 2026. These are standard ambulance-chaser filings that occur after any significant stock drop and should be assigned near-zero weight in the investment thesis. The company beat both revenue and EPS estimates; the sell-off was driven by growth deceleration concerns, not accounting fraud or misrepresentation. No restatement, no SEC enforcement action, no whistleblower complaints have been disclosed.

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Attribute	Detail
Tenure	7+ years (since Feb 2019)
Background	VMware (SVP/GM Asia-Pacific), EMC (CIO), Puppet (CEO)
Total Compensation (FY2025)	\$18.8M (96.6% equity-based)
Insider Ownership	~353K shares (~0.8% of float, ~\$26M)
Recent Activity	Sold shares at \$175-\$179 (Aug 2025) under 10b5-1 plan

CVLT
Sangeeta M. Chandani has transformed Commvault from a legacy backup vendor into a cloud-native cyber resilience platform company. Under his tenure, revenue has grown from ~\$700M to ~\$1.2B, the subscription mix has risen from ~40% to ~70% of revenue, and the company achieved \$1B in ARR ahead of target. The CFO transition (Jen DiRico departing, Danielle Amchamsen promoted) bears monitoring but represents internal succession rather than a disruptive change.

Category	Assessment
Buybacks	Consistent and well-timed; \$250M new authorization
Acquisitions	Satori Cyber (AI data security, Jul 2025), Clumio, Appranix — all strategic
Dividend	None — capital returned via buybacks
Debt Management	Zero debt maintained throughout growth phase
R&D; Investment	Continued innovation (Unity Platform, Cleanroom Recovery, AI)

Management Quality: GOOD | Capital Allocation: STRONG
Expected Return 14.7% CAGR
Bear Case Return +2.9% CAGR
Debt-free cyber resilience leader trading at a 5-year valuation trough with \$1B in cash, 18%+ revenue growth, and strong FCF generation that preserves capital even in a bear case.

PEER COMPARISON

COMMVAULT

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Capital

Commvault's direct public peer is Rubrik (RBRK). Veeam and Cohesity-Veritas are private. Dell's data protection division is a small fraction of a \$90B+ revenue conglomerate and not meaningfully comparable.

WEALTH

COMMVAULT
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Metric	CVLT	RBRK	Best for WP
Market Cap	\$3.3B	\$10.4B	CVLT (cheaper)
Revenue (TTM)	\$1.15B	\$1.19B	Comparable
Revenue Growth	19% YoY	49% YoY	RBRK (faster)
GAAP Profitability	Profitable	EBIT: -\$343M	CVLT
FCF	\$217M guided	Negative	CVLT
Debt	\$0	\$0	Tie
Cash	\$1,026M	~\$2B	Tie
Dividend	None	None	Tie
P/S	~2.9x	~8.7x	CVLT
Forward P/E (Non-GAAP)	~18x	~707x	CVLT
Gartner MQ Position	Leader	Leader	Tie

RECOMMENDATION

Why Commvault for Wealth Preservation: Rubrik trades at 3x Commvault's valuation on similar revenue and is deeply unprofitable. Rubrik is a growth story that has been valued on rapid expansion. Commvault offers the same industry exposure with profitability, free cash flow, and a valuation that already prices in significant deceleration. For a wealth preservation market, the CVLT/RBRK metric setup is well positioned.

BUY

Current Price \$75.00

Fair Value (Base) \$116.00

Margin of Safety 35.3%

WP Score 81 / 100

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Factor	Points	Rationale
Starting Base	50	Neutral starting point
Bear case total return positive	+15	+2.9% CAGR in bear case
Debt/Equity < 0.5x	+10	Zero debt
Dividend maintained through crises	+0	No dividend (N/A)
Max drawdown < 40%	+0	Current drawdown 63% from ATH
Current yield > 3%	+0	No dividend
Total	75	

Commvault Systems, Inc.

Base case total return CAGR of 16.6% scores the maximum 100 points (>12% threshold).

RECOMMENDATION			Current Price	\$75.00
Quality Score: 70 / 100 (Weight: 25%)				
Sub-Category	Points	Max	Detail	
Balance Sheet Fortress	40	40	D/E 0x, coverage infinite, FCF 5/5	
Income Reliability	0	30	Zero dividend = full penalty	
Capital Efficiency	15	15	ROIC >15%, improving trend	
Valuation	15	15	Trading < 25th percentile of 5Y range	
Total	70	100		

Component	Score	Weight	Contribution
Downside Protection	75	45%	33.8
Return Adequacy	100	30%	30.0
Quality	70	25%	17.5
WP COMPOSITE SCORE	81		81.3 / 100

Score Interpretation: EXCELLENT wealth preservation candidate (75+). High conviction position warranted.

1. Revenue growth: is it maintaining 15%+ or decelerating toward single digits?
2. Subscription ARR growth: monitor for further deceleration below 15%.
3. SaaS NRR: watch for decline below 110% which would signal churn.
4. Non-GAAP EBIT margin: should stabilize at 19-21% during growth phase.
5. Free cash flow: any deterioration below \$150M annually warrants review.
6. Competitive positioning: Gartner MQ ranking, win/loss rates vs. Rubrik and Veeam.
7. Share buyback execution: confirm management continues returning capital.

CVLT

Commonwealth Cybersecurity Inc.

Condition	Action
Revenue growth below 8% for 2+ quarters	Reassess; consider sell if structural
SaaS NRR drops below 105%	Sell — indicates churn problem
Debt issuance > \$500M	Reassess solvency; likely sell
EBIT margin drops below 15% without growth offset	Sell
Gartner MQ downgrade out of Leaders quadrant	Sell
Forward return falls below 7% (stock above \$140)	Trim or sell
Better opportunity with 10+ point higher WP Score	Replace

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RECOMMENDATION: BUY

Position Size: Full position (high conviction, WP Score 81)
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Entry Strategy: Market order at \$75 current level; scale in on further weakness toward \$65

CVLT
Commitment

Metric	Base Case	Bear Case	Bull Case
Total Return CAGR	16.6%	2.9%	22.8%
Cumulative Return	364%	33%	668%
\$100 Becomes	\$464	\$133	\$768

vs. Alternatives

RECOMMENDATION

Current Price

\$75.00

Alternative	10Y Value of \$100	Outperformance
HYSA (4%)	\$148	—
S&P; 500 (~9%)	\$237	—
CVLT (Base Case)	\$464	+\$316 vs. HYSA
CVLT (Prob-Weighted 14.7%)	\$397	+\$249 vs. HYSA

Bear Case Return

+2.9% CAGR

Debt-free cyber resilience leader trading at a 5-year valuation trough with \$1B in cash,
18%+ revenue

Requirement	Result	Status
Bear case total return >= 0%	+2.9%	PASS
Base case total return >= 7%	16.6%	PASS
Solvency: FORTRESS or ADEQUATE	FORTRESS	PASS
Permanent loss probability < 10%	<5%	PASS
Interest coverage > 5x	Infinite (no debt)	PASS
D/E < 1.0x	0.0x	PASS

Downside Protection Summary

Bear case preserves capital (+2.9% CAGR) | Balance sheet provides safety (zero debt, \$1B cash) | Buybacks provide per-share support



Key Assumptions:

- Growth sustainability:** The data protection market grows at 12% CAGR through 2028. Commvault captures a proportional share. If market growth slows to 8%, our base case CAGR drops to ~13%, still well above the 7% hurdle.
- Margin trajectory:** Non-GAAP EBIT margins expand from 19-20% toward 25% as SaaS scales and operating leverage materializes. If margins remain flat at 20%, the base case return drops to ~14%.
- Multiple re-rating:** We assume the current forward P/E of 18x represents trough sentiment and expect mean-reversion toward 22-25x. If the multiple stays compressed at 18x, the base case return drops to ~12%, still adequate.
- Buyback continuation:** We assume \$100-150M annually in share repurchases, reducing the share count by ~2-3% per year.

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Limitations:

Commvault Systems, Inc.

- Not insured:** The SBC policy requires a 30-point penalty in Income Reliability and means the position provides zero income cushion during drawdowns. For investors who require income, this stock may not be suitable despite its strong WP Score.
- GAAP vs. Non-GAAP:** Our analysis relies on non-GAAP earnings, which exclude stock-based compensation. GAAP EPS is significantly lower (~\$1.92 TTM vs. ~\$4.03 non-GAAP). SBC is a real cost to shareholders, partially offset by net buybacks.
- Securities investigation:** While we assess the ambulance chaser filings as immaterial, a successful class action could create headline risk and legal costs. Probability is low.
- Competitive intensity:** The Cohesity-Veritas merger and Rubrik's IPO have increased competitive pressure. Commvault's broadest-in-class coverage and enterprise Margin of Safety provide insulation from share loss to modern competitors is a real risk.

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Fair Value (Base)	\$116.00
Margin of Safety	35.3%
WP Score	81 / 100

Confidence Level: HIGH

Expected Return 14.7% CAGR

Bear Case Return +2.9% CAGR

A debt-free software company trading at 15x free cash flow with 18%+ revenue growth, \$1B in cash, a Gartner-validated product suite in a growing market, a Bear Case Return offers an +2.9% CAGR. Debt-free cyber resilience leader trading at a 5-year valuation trough with \$1B in cash, only material structural 16%+ revenue growth, and strong FCF generation that preserves capital even in a bear case created the entry point our framework is designed to capture.



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