



Visa Inc.

V

EQUITY RESEARCH REPORT

October 16, 2026

V — Visa Inc.

Report Date: 2026-10-16

Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

Metric	Value
Recommendation	**HOLD / WATCHLIST**
Current Price	\$399.75 / €355.14
Fair Value (Base Case)	\$393.70 / €349.75
Margin of Safety	** -1.5% **
Target Entry	\$355.00 / €315.35

Return Profile	Value
Dividend Yield	0.67%
Expected Dividend Growth	8.0% (assumption tied to base EPS path)
Expected Price Appreciation	7.6% annual (base case)
Total Expected Return (Base)	**8.3% CAGR**
Bear Case Total Return	**0.4% CAGR**
Bull Case Total Return	14.3% CAGR
Probability-Weighted Return	**7.8% CAGR**

Risk Assessment	Value
Wealth Preservation Score	**76 / 100**
Downside Protection Score	**85 / 100**
Quality Score	**66 / 100**
Risk Level	MODERATE
Probability of >50% Loss	<5%
Recession Profile	RESILIENT

One-Line Thesis: Visa is a toll-road payment network with a fortress balance sheet, 50% net margins, and durable double-digit volume growth, but at \$399.75 the shares offer no margin of safety and only a modest base-case total return above the cash hurdle.

INVESTMENT THESIS

Visa is one of the best business models in the payment ecosystem. It does not lend money, carry credit risk, or expose itself to borrower default. It operates VisaNet, a processing network that earns fees every time a Visa card or credential moves value among consumers, merchants, banks, and governments. The provided research packet puts the network at more than 5 billion cards and 150 million merchant locations across 200 countries. That structure produces near-98% gross margins, roughly 50% net margins, and free cash flow of about \$21.6 billion in fiscal 2025. The company is, in economic terms, a toll booth on global commerce.

The financial record supports the quality argument. Revenue rose from \$24.1 billion in fiscal 2021 to \$40.0 billion in fiscal 2025, a compound annual growth rate around 13.5%. Trailing twelve-month revenue has reached \$44.49 billion. GAAP net income was \$20.1 billion in fiscal 2025, with non-GAAP net income of \$22.5 billion. Diluted GAAP EPS was \$10.20 in fiscal 2025, and TTM diluted EPS now sits at \$11.86. Consensus FY2026 EPS estimates are about \$13.13, implying roughly 14.5% growth. The balance sheet carries \$23.86 billion of debt against \$13.79 billion of cash and investment securities, and free cash flow covers the dividend many times over. The dividend payout ratio is about 23%. That combination earns a fortress solvency rating.

The problem is price. At \$399.75, the trailing P/E is roughly 33.7x on TTM EPS of \$11.86. The forward P/E is about 30.4x on FY2026 consensus EPS. The three-to-five-year historical trailing P/E is approximately 23x to 27x, and the three-year forward P/E average is approximately 22x to 25x. EV/EBITDA is about 24.2x using TTM EBITDA of \$31.09 billion and derived net debt near \$10 billion. That multiple sits two to five turns above the three-year average of 18x to 21x. The market is paying for growth as if the recent 14% to 17% revenue acceleration will continue without interruption.

My base case builds in a 10% EPS growth rate for the next decade, a terminal P/E of 27x, and a discount rate of 8.5%. That model produces a 2036 price target near \$831 plus discounted dividends, for a fair value of about \$394. That leaves the current quote 1.5% above fair value. The base-case total return works out to roughly 8.3% annualized, including the 0.67% dividend yield. That clears the 7% wealth-preservation hurdle, but by only a modest margin. The bear case assumes 4% EPS growth and a terminal P/E of 22x. It produces a 2036 price near \$386 and a roughly 0.4% annualized total return. Capital is preserved, but there is little cushion. The margin-of-safety test fails: current price does not sit 10% below fair value.

That is the difference between a business worth owning and a price worth paying. You can own Visa confidently. At \$355, you get an entry price with meaningful downside protection and a higher prospective return. At \$399.75, you are paying for the quality and receiving close to fair value. The recommendation is therefore HOLD, not BUY.

What could change the view? A break in the litigation overhang, particularly the Credit Card Competition Act and the DOJ debit-market suit, would remove a real uncertainty. A pullback to the \$355 area would restore the margin of safety. A sustained acceleration in value-added services above 17% would strengthen the bull case. For now, the prudent action is to wait.

1. BUSINESS QUALITY ASSESSMENT

Visa is a two-sided network. Consumers carry the cards. Merchants accept them. Banks issue them. Visa sits in the middle and charges fees for authorization, clearing, settlement, data processing, and value-added services. The business is asset-light. It does not take credit risk, because the issuing banks underwrite the cardholders. That distinction explains why Visa survived the 2008 credit cycle better than banks and why its net margins stay near 50%.

The competitive advantage is scale plus acceptance ubiquity. A card network becomes more valuable as more merchants accept it and more consumers carry it. That network effect gives Visa pricing power that few competitors can replicate. The provided research material gives gross margins of 97.77% in fiscal 2025, a TTM operating margin of 66.13%, and a TTM net margin of 50.78%. ROIC is reported at 47.84% by Finspry. A business earning 40% plus returns on capital with minimal tangible assets has a wide moat.

Revenue is split geographies. In 2025, 60.9% of net revenue came from outside the United States and 39.1% from the U.S. International revenue grew 11.6% annually since 2018 versus 7.6% for U.S. revenue. That diversification is a strength, though it exposes the company to country-specific regulation, domestic payment schemes, and data rules. No single foreign country accounts for more than 10% of revenue. Customer concentration is a watch item: since 2020 Visa has reported at least one client at 10% to 11% of net revenue, and in 2020 there were two.

The strategic growth vectors are core consumer payments, new flows, and value-added services. New flows include business payments and disbursements. Value-added services include fraud mitigation, identity verification, account-to-account protection, and analytics. The management narrative shifted toward tokenization, stablecoins, real-time money movement, and AI-driven commerce. That matters because card-based payments face pressure from new rails. Visa is trying to become the infrastructure layer across all payment methods rather than only the card network.

The moat is not absolute. Digital wallets reduce brand visibility. Real-time payment rails erode the economics of card clearing. Domestic schemes, especially in Europe and emerging markets, can route volume away from VisaNet. Regulators can cap interchange. None of these threats appears existential in the next five years given Visa's network depth. The company is also embedding itself into those new flows, which is the correct response.

The quality assessment therefore supports ownership. The business is understandable, highly profitable, geographically diversified, and protected by network effects. The weakness is valuation, not business quality.

2. FINANCIAL FORTRESS ANALYSIS

Visa passes the solvency gate comfortably. The provided packet lists total debt at \$23.86 billion against \$13.79 billion of cash and investment securities, for net debt near \$10 billion. Finspry reports debt/equity of 0.67. That is below the 1.0x threshold in the framework and inside the preferred range for a non-bank. TTM EBITDA is \$31.09 billion. Even after deducting depreciation and amortization, operating income is many times interest expense. Interest coverage is not directly disclosed in the supplied data, but with debt near \$23.9 billion and operating income above \$25 billion, coverage would be well above 8x even at a 5% average interest rate. Current ratio is 0.99, which is modest, but short-term liquidity is supported by free cash flow and access to capital markets.

Free cash flow is the crown jewel. The company generated operating cash flow of \$23.1 billion in fiscal 2025, up from \$15.2 billion in fiscal 2021. Free cash flow margin was 60.24% in fiscal 2021, 61% in fiscal 2022, 60.32% in fiscal 2023, 52.03% in fiscal 2024, and 53.94% in fiscal 2025. The fiscal 2024 and 2025 margin compression reflects the litigation set-aside and higher operating expenses, not a broken model. Derived annual free cash flow was about \$21.6 billion in fiscal 2025. That covers the dividend and buyback program with room to spare.

Earnings quality is high. Gross margins have stayed within a narrow band from 96.97% to 97.83% over five years. Operating cash flow exceeds net income. There is no evidence of restatement risk or aggressive revenue recognition. One flag appears in the June 30, 2026 10-Q: receivables are outpacing revenue. That can reflect client-incentive timing, geography mix, or payment cycles, but it belongs on the monitoring checklist. It does not

alter the fortress conclusion today.

Dilution is not a problem. The company repurchased 14.5 million class A shares for \$4.9 billion in Q3 fiscal 2026, leaving \$28.4 billion authorized. In Q2 fiscal 2026, it announced a new \$20 billion multi-year repurchase authorization. These buybacks likely reduce share count over time, though the packet does not provide stock-based-compensation dilution separately. There is no evidence of a greater than 2% annual net dilution. The litigation escrow funding does create a different dilution mechanism: class B-1, B-2, and B-3 shares held by U.S. financial institutions are subject to downward adjustment when Visa funds the U.S. litigation escrow account. On September 18, 2026, Visa authorized a \$405 million deposit into that account. That is a known structural feature, not a hidden solvency risk.

Solvency assessment: **FORTRESS**. The company can survive a severe recession, maintain the dividend, and avoid dilutive equity raises.

3. DIVIDEND ANALYSIS

Visa pays a dividend, but income is not the primary return driver. TTM dividends per share are \$2.60. The most recent quarterly declaration was \$0.67 per class A share, payable September 1, 2026. Annualized, that is \$2.68. At \$399.75, the dividend yield is about 0.67%. The payout ratio is 23.34% on TTM EPS, and the FCF payout ratio is far lower.

Dividend sustainability is strong. A 23% payout ratio leaves substantial cushion. If EPS fell 40% to roughly \$7.12, the \$2.68 dividend would still be covered with a payout ratio of about 38%. Free cash flow would still cover the dividend comfortably because Visa's FCF margin remains near 50%. The company maintained dividends through the 2020 downturn and has not cut the dividend in the past ten years based on the provided record.

Dividend growth is less clear in the supplied data. The sources describe dividends as stable over the past five years, but do not provide a year-by-year dividend-per-share table. Quarterly payments have moved higher over time. My base case assumes dividend growth of about 8% annually, linked to EPS growth and a low payout ratio. That assumption is reasonable but not directly confirmed by the packet.

The low yield matters for this framework. A 2% to 4% yield would provide more income cushion. Visa's 0.67% yield contributes little to total return. The dividend remains safe, but it does not by itself satisfy the income component of the wealth-preservation mandate. Dividend sustainability: **ROCK SOLID**.

4. VALUATION ANALYSIS

At \$399.75, Visa trades at a premium to its own history. TTM EPS is \$11.86, so trailing P/E is about 33.7x. FY2026 consensus EPS is about \$13.13, implying a forward P/E of about 30.4x. The three-to-five-year historical trailing P/E is approximately 23x to 27x. The three-year forward P/E average is approximately 22x to 25x. Current multiples exceed both.

EV/EBITDA adds the same message. TTM EBITDA is \$31.09 billion. Using net debt near \$10 billion and a market cap near \$741 billion derived from the current price, EV is near \$751 billion. EV/EBITDA is about 24.2x. The three-year average is approximately 18x to 21x. P/FCF is near 34x on TTM free cash flow of about \$21.6 billion. P/B is near 21x on TTM book value of \$18.87 per share. The share price reflects an expectation that

growth accelerates, not merely continues.

Fair value requires explicit assumptions. I use TTM EPS of \$11.86. The base case assumes 10% EPS growth for ten years, producing 2036 EPS of \$30.77. I apply a terminal P/E of 27x, consistent with Visa's quality but below the current multiple. That gives a 2036 price of \$830.8. Discounting at 8.5% cost of equity yields a terminal present value near \$367. The discounted value of ten years of dividends, assuming forward dividends of \$2.68 growing 8%, is approximately \$26. The fair value is near \$394. Current price is 1.5% above that fair value. The margin of safety is negative.

A more demanding discount rate would lower fair value. An 8.5% cost of equity is already above the 7% hurdle the framework requires. If regulatory risk calls for a 9.5% discount rate, fair value would fall into the \$350s. If the terminal P/E were 24x instead of 27x, fair value would fall to roughly \$350. That gives a range of roughly \$350 to \$395 for fair value. The current quote sits at the top of that range.

Valuation verdict: **FAIR TO FULL**. The business deserves a premium, but the current quote leaves no margin for error. Target entry at \$355 would provide about 10% discount to my base-case fair value and roughly 12% downside buffer from the current quote.

5. SCENARIO ANALYSIS

I built three 10-year scenarios from current TTM EPS of \$11.86 and current price of \$399.75.

Bear case, 25% weight. A global slowdown hits cross-border travel and consumer spending. Revenue grows slowly. EPS growth averages 4% annually over the decade as buybacks offset some volume weakness. The market takes the terminal multiple down to 22x. Terminal EPS becomes \$17.55, and the 2036 price target is about \$386. Price appreciation is slightly negative, but dividends add roughly 0.7% annually. Total return is about 0.4% annualized. Capital is roughly preserved, but the case delivers no real growth after inflation. This outcome would underperform a 4% savings account, but it would not destroy capital.

Base case, 50% weight. Payment volumes continue to grow near historical trend. EPS grows 10% annually. Value-added services grow faster than core payments. The terminal multiple settles at 27x. Terminal EPS is \$30.77, and the 2036 price target is about \$831. Annualized price return is about 7.6%. Including dividends, total return is about 8.3%. That clears the 7% hurdle, though not by a wide margin.

Bull case, 25% weight. Visa gains share in new flows, tokenization expands, and cross-border travel remains strong. EPS grows 14% annually. The market keeps a premium multiple of 32x. Terminal EPS is \$43.97, and the 2036 price target is about \$1,407. Total return is about 14.3% annualized.

Scenario	2036 Price Target	Total CAGR	Weight	Contribution
Bear	\$386	0.4%	25%	0.1%
Base	\$831	8.3%	50%	4.2%
Bull	\$1,407	14.3%	25%	3.6%
Expected		**7.8%**		

The probability-weighted return of 7.8% meets the hurdle. The critical feature is downside: even the bear case avoids permanent capital loss. The stock's realized drawdown could still be unpleasant. The 52-week range in

the supplied data included a low near \$253.74 when the stock traded around \$365. That implies a peak-to-trough drawdown in the neighborhood of 30%. An investor buying at \$399.75 should accept interim declines of that magnitude even if the 10-year outcome is positive.

6. RISK ASSESSMENT

The largest risk is regulatory and antitrust pressure. The Credit Card Competition Act was reintroduced in January 2026. If passed, it could force debit routing alternatives and compress network economics. The DOJ filed a debit-market antitrust suit in September 2024 and is pushing for a 2027 trial. European interchange challenges remain live. The quantified sensitivity in the research packet is 5 to 10 basis points of yield per transaction under Durbin expansion or EU interchange tightening. That may sound small, but it applies to an enormous volume base. Visa already recorded substantial litigation provisions. Fiscal 2025 operating income rose only 1.7% partly because of the \$2.6 billion litigation set-aside.

Litigation mechanics add a structural layer. On September 18, 2026, Visa authorized a \$405 million deposit into the U.S. litigation escrow account. That funding dilutes the class B-1, B-2, and B-3 shares held by U.S. financial institutions. The company is executing a successive exchange offer for class B shares tied to covered litigation progress. This is not a balance sheet solvency event, but it could affect share count and reported income over time.

Business model disruption is a slower-burning risk. Real-time payment rails, digital wallets, and stablecoins could reduce Visa's card-rail visibility. No new global card network is likely within five years, according to the provided research, which limits new competition. But the same barrier means Visa cannot expand by building another network. Growth must come from volumes and value-added services. Cross-border travel, one of the highest-margin revenue lines, is sensitive to oil prices and global slowdowns.

Accounting and governance red flags are limited. There is no going-concern warning, no material weakness, no restatement. The June 30, 2026 10-Q shows receivables outpacing revenue, which warrants monitoring but is not evidence of fraud. The company has no disclosed ESG controversy beyond a low-risk rating of 15.0.

The probability of a permanent loss greater than 50% is below 5%. The balance sheet, network scale, and low payout ratio support that conclusion. Recession profile: **RESILIENT**. Visa will feel a recession through volumes, but it has no credit portfolio and will not face a liquidity crisis.

7. MANAGEMENT & GOVERNANCE

The research packet does not provide a CEO name, tenure, compensation detail, or insider ownership. A full management quality assessment under the framework is not possible from the available data. The packet does identify CFO Chris Suh, who signed the September 18, 2026 8-K on litigation escrow funding. The absence of named leadership detail limits the confidence I can assign to management-specific judgments.

Governance mechanics are visible. At the January 27, 2026 annual meeting, shareholders approved officer liability limits permitted under Delaware law, elected all eleven director nominees, approved say-on-pay, and ratified KPMG as auditor for fiscal 2026. A July 14, 2026 8-K set Delaware and federal courts as the forum for legal disputes. Those actions are routine and do not raise red flags.

Capital allocation is shareholder-friendly. In Q2 fiscal 2026, Visa returned \$9.2 billion through repurchases and dividends and announced a new \$20 billion multi-year repurchase authorization. In Q3 fiscal 2026, it repurchased 14.5 million shares for \$4.9 billion, with \$28.4 billion remaining authorized. The company continues to invest in growth through acquisitions, including Tink for \$2.2 billion in 2025, plus Prosa, Featurespace, and Prisma Medios de Pago/Newpay. Those acquisitions are small relative to cash flow and fit the value-added-services strategy.

The main management concern is expense discipline. GAAP operating expenses jumped from \$12,331 million in fiscal 2024 to \$16,006 million in fiscal 2025, pushing GAAP operating margin from 65.7% to 60.0%. Part of that increase is litigation-related. Part is investment spending on Visa as a Service, tokenization, and AI. The market needs evidence that the higher expense base converts into durable revenue growth. I would rate capital allocation as **GOOD** and management quality as **ADEQUATE to GOOD**, constrained by missing disclosure.

8. PEER COMPARISON

Direct peer comparison is limited in the supplied data. The packet does not give clean side-by-side P/E, EV/EBITDA, or P/FCF figures for Mastercard, American Express, or PayPal. TradingKey provides a relative score of 8.23 for Visa against 8.14 for Mastercard. Stockscope's peer-anchored framework, using 112 peers, concluded Visa was 61% above its market estimate as of July 30, 2026. That is a directional warning, though the underlying peer medians are not disclosed.

Dimension	Visa	Peer Context
Business model	No credit risk, toll-road fees	Mastercard similar; Amex takes credit risk
Gross margin	97.7%	Among the best in payments
Net margin	50.8% TTM	Higher than the payments sub-industry
Credit exposure	Minimal	Amex and banks carry credit losses
Dividend yield	0.67%	Low; Mastercard typically similar
Valuation	TTM P/E ~33.7x	Above Visa's 23x-27x trailing history

Visa's quality compares well with Mastercard. Both are network operators with high margins and no credit risk. Visa's larger scale and broader acceptance give it a slight defensive edge. American Express has a more integrated, closed-loop model and carries credit risk, which makes it less attractive for capital preservation. The problem is not Visa's ranking within the cohort. The problem is that the entire high-quality payment sector trades at a premium, and Visa is priced near the upper end.

9. KEY METRICS SUMMARY

Metric	Value	Source/Note
Current Price	\$399.75 / €355.14	Authoritative live price
TTM Revenue	\$44.49B	Yahoo Finance via packet

Metric	Value	Source/Note
FY2025 Revenue	\$40.0B	Company release
TTM EBITDA	\$31.09B	Yahoo Finance via packet
TTM Net Income	\$22.4B	Yahoo Finance via packet
TTM Diluted EPS	\$11.86	Yahoo Finance via packet
FY2026E EPS	~\$13.13	Consensus via Zacks/Barchart
Trailing P/E	~33.7x	Calculated from \$399.75 / \$11.86
Forward P/E	~30.4x	Calculated from \$399.75 / \$13.13
EV/EBITDA	~24.2x	Calculated from net debt ~\$10B
P/FCF	~34x	Calculated from ~\$21.6B FCF
Dividend TTM	\$2.60	Finspry via packet
Forward Dividend	\$2.68	\$0.67 quarterly, annualized
Dividend Yield	0.67%	\$2.68 / \$399.75
Payout Ratio	23.34%	TradingKey via packet
Debt/Equity	0.67	Finspry via packet
Cash	\$13.79B	Yahoo Finance via packet
Total Debt	\$23.86B	Yahoo Finance via packet
ROE	61.19% TTM	Yahoo Finance via packet
Gross Margin	97.7% TTM	Yahoo Finance via packet
Operating Margin	66.13% TTM	Yahoo Finance via packet
Net Margin	50.78% TTM	Yahoo Finance via packet

10. MONITORING CHECKLIST

Item	Trigger	Action
Credit Card Competition Act	Enactment or committee passage	Revisit terminal multiple; likely reduce fair value
DOJ debit suit	Settlement terms or trial date	Assess any interchange cap; watch Class B dilution
EU interchange challenges	Adverse ruling for Visa	Lower international revenue yield assumption
Cross-border volume ex-intra-Europe	Falls below 8% growth	Reduce base-case revenue/EPS growth
Payments volume growth	Falls below 6% for two quarters	Revisit moat durability
Value-added services growth	Falls below 12%	Reduce base-case growth premium

Item	Trigger	Action
Operating margin	Sustained below 60% GAAP	Investigate expense discipline
Receivables vs revenue	Receivables outpace revenue two more quarters	Deep dive on working capital
Class B exchange/escrow	Dilution greater than 5% of shares	Recalculate EPS and fair value
Oil price/cross-border travel	Sustained oil spike with travel decline	Lower bear-case cross-border volume

11. MARKET EXPECTATIONS & CONSENSUS

The current price now sits at the top of the bull-bear fair-value range supplied in the research. Yahoo Finance's narratives place bull fair value at \$398.83 on 11% revenue growth and bear fair value at \$280.00 on 3.82% revenue growth. At \$399.75, the stock trades just above the bull fair value. That is a major change from the July 2026 reading near \$365.12, when the stock sat between the two fair values. The market has already priced in the optimistic revenue path.

Consensus analyst positioning remains buy-biased. Directorstalk lists 33 buy ratings, 7 hold ratings, and 1 sell rating, with an average target of \$375.97. That average target sits below the current price, which is unusual and highlights how far the stock has run. TIKR.com reports a mean target of \$401 from 43 analysts. Barchart reports 40 analysts with a consensus Strong Buy. The target range across sources is wide: lows from \$289 to \$336.60 and highs from \$415 to \$466. The current quote sits near the lower end of the positive dispersion.

Short interest is not provided in the research packet. Days to cover is not available. The one institutional datapoint is a 0.83% quarter-over-quarter decline in institutional holdings to 1.52 billion shares. Akre Capital Management holds 1.11 million shares. That is modest institutional trimming, not a mass exit.

Forward valuation metrics from the current price: forward P/E about 30.4x, EV/EBITDA about 24.2x, and beta 0.94 from the UConn one-pager. The derived PEG ratio on 14.5% FY2026 EPS growth is about 2.1x, above the 1.0x threshold typical for growth-at-a-reasonable-price. The sector median P/E is not provided in the packet, so a direct sector comparison is not possible.

What would validate the current price: Q4 FY2026 earnings on October 27, 2026 must beat the \$3.43 EPS estimate and management must guide FY2027 revenue growth near 10% or higher. A resolution that caps litigation exposure would support the multiple. What would disappoint analysts: any sign that cross-border volume decelerates, a CCCA enactment, or receivables-driven revenue that fails to convert to free cash flow.

12. KEY BUSINESS DRIVERS

Driver 1: Payments volume growth

Why it matters: It is the base of the toll road. Visa earns fees on every transaction, so volume growth drives service revenue.

Current level: 10% growth in Q3 fiscal 2026.

Bull threshold: Sustained 10% or higher annual growth.

Bear threshold: Below 6% for two consecutive quarters.

Next data point: Q4 FY2026 earnings, October 27, 2026.

Driver 2: Cross-border volume growth ex-intra-Europe

Why it matters: Cross-border transactions carry higher yields and are the most profitable volume line.

Current level: 12% growth in Q3 fiscal 2026.

Bull threshold: Above 10% with stable oil prices and travel demand.

Bear threshold: Below 6% or negative on a sustained basis.

Next data point: October 27, 2026 earnings release.

Driver 3: Processed transactions

Why it matters: It captures network activity from all payment flows, including new flows and real-time rails.

Current level: 10% growth to 71.7 billion in Q3 fiscal 2026.

Bull threshold: Sustained 10% plus transaction growth.

Bear threshold: Slowing below 7% while volume also slows.

Next data point: Quarterly earnings.

Driver 4: Value-added services revenue growth

Why it matters: VAS is the strategic growth vector that can offset card-rail commoditization.

Current level: 17% growth cited in the research packet.

Bull threshold: Above 15% sustained.

Bear threshold: Below 12%, signaling weaker demand for fraud, analytics, and identity products.

Next data point: Quarterly earnings and management commentary.

Driver 5: Client incentives and net revenue yield

Why it matters: Incentives reduce reported revenue and can signal competitive pricing pressure.

Current level: Not explicitly disclosed in the packet.

Bull threshold: Client incentives stable as a percentage of gross revenue.

Bear threshold: Rising incentives driving reported revenue growth below volume growth.

Next data point: Annual 10-K segment disclosures.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Ticker/Symbol	Relationship	Signal
Mastercard	MA	Direct network peer	Bullish if MA confirms pricing/volume; bearish if not
WTI Crude Oil	CL=F	Cross-border travel and fuel demand	Bullish if oil stays below \$80; bearish if oil rises above \$80
Financial Select Sector SPDR	XLF	Financial and card-issuer sentiment	Bullish if XLF holds above its 200-day moving average
U.S. Global Jets ETF	JETS	International travel and cross-border demand	Bullish if JETS trends higher; bearish if trends lower

Monitoring rule: if Mastercard and Visa volume growth diverge materially, revisit Visa's share assumptions within five trading days. If crude oil rises more than 20% in a quarter, re-run the cross-border volume scenario before the next earnings report.

EXIT TRIGGERS

- **Credit Card Competition Act enacted or DOJ settlement imposes routing/interchange caps:** Reduce or exit the position, and lower the terminal multiple to 20x to 22x.
- **Cross-border volume growth turns negative for two consecutive quarters:** Re-evaluate the highest-margin revenue line and reduce base-case EPS growth.
- **Operating margin falls below 60% GAAP without litigation explanation:** Investigate whether expense growth is not converting to revenue.
- **Class B exchange/escrow funding causes greater than 5% share dilution:** Recalculate EPS and fair value; treat as a thesis break if combined with revenue deceleration.
- **Dividend cut in a non-depression period:** Sell. It would signal a capital preservation failure at a company with a 23% payout ratio.
- **Stock trades above \$450 without a corresponding improvement in EPS or litigation clarity:** Trim into strength. The valuation cushion would be gone.

FINAL RECOMMENDATION

RECOMMENDATION: HOLD / WATCHLIST

Visa is a fortress-quality network that meets the business-quality bar for wealth preservation. It preserves capital in the bear case. It meets the base-case return hurdle. The issue is entry price. At \$399.75, the margin of safety is negative because the market has already priced in near-bull-case revenue growth. I would wait for a pullback toward \$355, where the base-case total return improves to roughly 9.7% and the downside buffer becomes meaningful.

ANALYST NOTES

Key Assumptions: TTM EPS of \$11.86 is a reasonable base. Base EPS CAGR of 10% for ten years aligns with consensus FY2026 and FY2027 growth stepping down from 14% to roughly 10%. Terminal P/E of 27x reflects

Visa's quality but below the current 33.7x trailing multiple. Cost of equity is 8.5%. Dividend growth is assumed at 8%.

Limitations: The research packet lacks a full 10-K for fiscal 2025, year-by-year dividend history, CEO compensation and tenure, peer median multiples, short interest, and explicit interest expense. Some source figures conflict, including current P/E and analyst price targets. The derived market cap and EV are calculated from current price and approximate shares outstanding. Fair value is sensitive to discount rate and terminal multiple assumptions.

Confidence Level: MEDIUM. Business quality confidence is high. Valuation confidence is medium because the stock sits near the boundary between fair value and overvaluation, and the regulatory outcome cannot be modeled with precision.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only.

CONTINUE THE RESEARCH

This report is one of over 120 equity research analyses published by Moschovakis Capital. Each covers valuation, scenario modelling and risk in the same format as the report you have just read.

Full equity research archive

Latest published research

Enquiries and coverage requests

moschovakiscapital.com

IMPORTANT DISCLOSURES

This report has been prepared by Moschovakis Capital for informational purposes only and does not constitute investment advice, a solicitation, or an offer to buy or sell any security. The information contained herein is based on sources believed to be reliable but is not guaranteed as to accuracy or completeness. Past performance is not indicative of future results. Investing involves risk, including the possible loss of principal. Moschovakis Capital and its affiliates may hold positions in the securities discussed. This document is confidential and intended solely for the recipient. Any reproduction or distribution without prior written consent is prohibited.