

REDLINE MANAGEMENT

EQUITY RESEARCH

Robinhood Markets (HOOD)

Online Brokerage and Crypto | Financial Technology

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1. Snapshot

Metric	Value	Metric	Value
Rating	Accumulate on weakness	Conviction (1-5)	3
Price (June 22, 2026)	\$93	Market cap	~\$81B
52-week range	\$63.52 to \$153.86	TTM revenue / net income	\$4.5B / \$1.9B
Base target	\$113	Implied return	~22%
Bull target	\$150	Bear target	\$68
Time horizon	12 months	Primary catalyst	Q2 2026 results (early Aug)
Position structure	Shares plus defined-risk calls	Reassess level	Below \$80

2. Thesis in Brief

Robinhood is the highest-beta listed proxy on retail market engagement, and crypto is the swing factor. With Bitcoin at a 52-week low near \$60,000 and prediction markets pricing the winter to hold, the highest-margin slice of Robinhood's transaction revenue is under pressure, which the first quarter of 2026 already showed. The variant view: the revenue base has diversified far enough, net interest income, Gold subscriptions, options and equities, advisory, and the newer prediction-markets and futures lines, that a crypto winter is a headwind, not a thesis-killer. At roughly \$93, down 40 percent from the October high, the stock already discounts a great deal of crypto pessimism. We rate HOOD Accumulate on weakness with a base target of \$113, and we pair the call with the names that benefit if the liquidity leaving crypto keeps rotating into AI infrastructure.

3. Investment Thesis

Pillar 1: The revenue mix is no longer a pure crypto bet

Robinhood closed 2025 with record revenue of \$4.5 billion, diluted earnings of \$2.05 per share, and \$68 billion of net deposits. The base under the stock now includes net interest income on those deposits, a recurring Gold subscription line at 4.3 million members, options and equities transaction revenue, an advisory product gathering assets, and newer lines in prediction markets, futures, banking, and private-markets access. Prediction markets matter here because event-contract volume does not depend on crypto direction, it depends on there being events to trade, which makes it a partial counterweight to a crypto winter. The removal of the pattern day trader rule is a structural tailwind for active trading across the platform.

Pillar 2: The crypto winter is a real headwind, and we are not dismissing it

Crypto transaction revenue is the highest-margin and most volatile line on the platform, and it carried the first quarter of 2026 to a miss. Crypto revenue rose roughly 300 percent year over year in the fourth quarter of 2025, which now makes for a punishing comparison. If Bitcoin holds in the \$50,000s

to low \$60,000s into 2027, this line stays a fraction of its late-2025 peak. We size the position with that as the base case, not the bear case.

Pillar 3: The price already reflects a lot

From a \$153.86 high last October to roughly \$93, the stock has given back about 40 percent and trades in the lower half of its 52-week range. The sell side remains constructive, with a median target near \$97.50, a fresh Buy initiation at BTIG with a \$125 target, and a view that platform assets can compound north of 20 percent a year. The lower the crypto-driven derating takes the stock, the more the risk-reward favors patient accumulation.

Pillar 4: The convertible raise is optionality with a cost

In June, Robinhood priced \$2.2 billion of zero-coupon convertible notes due 2029. The war chest funds the crypto push and potential M&A at a cycle low, which is either contrarian or mistimed depending on how the winter plays out. It also adds dilution. We treat it as optionality carrying a dilution cost, not a standalone reason to own or avoid the stock.

The variant view

Consensus prices Robinhood as a crypto beta that should compress in a winter. We think the diversified base sets a floor the bears underweight, and the already-discounted price skews the risk-reward toward accumulation for an investor willing to sit through a soft crypto tape.

4. Business and Competitive Overview

- **Model and revenue mix:** transaction revenue (crypto, options, equities), net interest income on deposits, Gold subscriptions, advisory fees, and emerging lines in prediction markets, futures, and banking.
- **Scale:** record 2025 revenue of \$4.5 billion, \$1.9 billion of net income at a 42 percent margin, \$68 billion of net deposits, and 4.3 million Gold members as of the first quarter of 2026.
- **Competitive position:** the leading mobile-first brokerage for a younger investor base, with unusual product velocity across prediction markets, futures, the Gold Card, a ventures fund, and private-markets access.
- **Balance sheet:** strong cash generation, now supplemented by the \$2.2 billion zero-coupon convertible due 2029.

5. The Crypto Winter, Weighed

Bitcoin traded near \$60,000 in late June, having printed \$59,023 on June 25, its lowest level since October 2024, and sits roughly 45 to 52 percent below the \$126,073 high set last October. The pressure is structural, not a one-day move: spot Bitcoin ETFs have seen net outflows for seven straight weeks, and ETF assets have fallen to about \$77.5 billion from roughly \$113 billion at the end of 2025. Prediction markets price the winter to persist, with about an 80 percent chance Bitcoin trades below \$60,000 in 2026, a 52 percent chance it dips under \$50,000, and only a 27 percent chance it reclaims six figures this year. Sentiment is in extreme fear.

The tell that matters for this thesis: the liquidity is not disappearing, it is rotating into AI infrastructure. Micron's fiscal third-quarter results on June 24 were the visible marker of where the capital is going. For Robinhood, a winter that holds through 2027 means crypto transaction revenue

stays well below the late-2025 peak. Our base case assumes Bitcoin ranges \$50,000 to \$70,000 into 2027, with no return to six figures, and we position accordingly.

6. Catalysts and Named Trigger Levels

Catalyst / Trigger	Level or Date	Direction	Action it cues
Q2 2026 results	Early August	Both	Size on the reaction
Monthly operating data	Monthly	Both	Trim or add on crypto volumes
Bitcoin loses support	\$58,115	Down	Trim, crypto revenue pressure
Bitcoin reclaims 50-month EMA	\$65,631	Up	Add, crypto revenue relief
HOOD loses level	\$80	Down	Reassess, tighten risk
Prediction markets / futures disclosure	Event	Up	Add on traction

7. Scenario Analysis

Scenario	Probability	Price target	Return	Key drivers
Bull	25%	\$150	+61%	Bitcoin stabilizes and reclaims \$70,000, prediction markets and advisory inflect, net interest income stays high, multiple re-rates.
Base	50%	\$113	+22%	Winter holds, the diversified base offsets soft crypto, modest growth, multiple holds in the high 30s.
Bear	25%	\$68	-27%	Bitcoin breaks \$50,000, broad retail risk-off, dilution and multiple compression.

Probability-weighted target: \$111. Skew: balanced to slightly favorable from \$93.

The Redline Roundtable

Panel note. The Redline Roundtable is a structured multi-perspective exercise. Each panelist is a constructed analytical lens, not a real named person, and nothing here represents a quote, endorsement, or recommendation from any actual individual or firm. The panel exists to pressure-test the thesis before capital is committed.

Panelist 1: The brokerage and fintech analyst

Lens. Revenue quality and the shift from transaction beta to recurring and spread income.

Core argument. The story under the noise is mix. Net interest income, Gold at 4.3 million members, and advisory are recurring and rate-sensitive rather than crypto-sensitive. A winter dents the most volatile line, not the franchise.

Where they push back. Transaction revenue still drives the upside quarters, and crypto is the highest-margin piece of it. A diversified base sets a floor, it does not set a high.

What would change their mind. Two or three quarters where transaction revenue holds up with crypto soft would prove the mix shift is real.

Panelist 2: The crypto market strategist

Lens. Bitcoin cycle, ETF flows, and the depth and duration of the winter.

Core argument. This winter has structural legs: seven weeks of ETF outflows, assets down to \$77.5 billion, and prediction markets pricing a 52 percent chance of sub-\$50,000. The marginal buyer left, and the capital is going to AI.

Where they push back. Winters end, and they end fast. A macro pivot or a return of ETF inflows can reprice Bitcoin and Robinhood's crypto line in weeks.

What would change their mind. A clean reclaim of \$65,631 with ETF flows turning positive would flip the read from winter to thaw.

Panelist 3: The platform bull

Lens. Product velocity and the total addressable market across new lines.

Core argument. No other retail platform is shipping at this pace: prediction markets, futures, banking, a ventures fund, private-markets access, and the pattern day trader rule gone. Each line is a new revenue surface that does not need crypto to work.

Where they push back. Velocity is not the same as profitable scale. Most of these lines are early and unproven in a downturn.

What would change their mind. Disclosed revenue traction in prediction markets or futures would turn the optionality into a number.

Panelist 4: The short-seller

Lens. Valuation, dilution, and dependence on sentiment.

Core argument. Near 40 times earnings with the most volatile revenue line in retreat, plus a \$2.2 billion convertible that dilutes while management leans into crypto at a cycle low. That is a rich multiple resting on a soft quarter.

Where they push back. The price already reflects a lot, and the balance sheet is strong. A bear case built only on multiple is a timing call, not a thesis.

What would change their mind. A second consecutive miss with transaction revenue weak across asset classes would confirm the de-rating.

Panelist 5: The macro and rates strategist

Lens. Rates, deposit economics, and where risk capital rotates.

Core argument. Higher-for-longer rates are a quiet tailwind through net interest income on a large deposit base. And the same risk-off that hurts crypto is funneling capital into AI infrastructure, which is the trade to own around this name.

Where they push back. If rates fall sharply, the net interest income tailwind fades just as crypto stays soft, squeezing two lines at once.

What would change their mind. A dovish pivot that cuts rates while crypto stays in winter would force a lower base target.

Panel synthesis

The panel splits on whether the diversification is enough to carry the stock through a sustained winter. The most credible bear objection is the combination of a near-40 times multiple and a \$2.2 billion dilutive raise into a soft tape. We answer it two ways: the recurring base (net interest income, Gold, advisory) sets a floor the bears underweight, and at roughly \$93 the price already discounts a great deal. Our net read is constructive but patient: accumulate on weakness, let the transaction lines prove resilience, and own the AI-infrastructure beneficiaries alongside as the cleaner expression of a winter that holds.

9. Adjacent Positioning: If the Winter Holds, Follow the Liquidity

The capital leaving crypto is not vanishing, it is rotating into AI infrastructure. The cleanest way to position for a sustained winter is to own the destination of the flows, not only to hedge the source. Two names carry both intrinsic value and torque, and both sit squarely in that rotation. The shared risk is a pause in hyperscaler AI capital spending, which is the single variable to monitor for this pair.

Name	Price (Jun 22)	YTD	Street target (12-mo)	Role if the winter holds
Micron (MU)	\$1,211	+325%	\$1,200 to \$1,625	The memory bottleneck of the AI build. Destination of crypto outflows.
Vertiv (VRT)	\$339	+85%	~\$378, high \$416	Power and cooling for AI data centers. The pure-play arms dealer.

Micron (MU)

Micron is the memory bottleneck of the AI build. High-bandwidth memory sits next to every AI accelerator, only three firms make it at scale, and Micron's output is sold out through 2026 with HBM4 ramping into 2027. Fiscal third-quarter results on June 24 put revenue near \$41 billion with a fourth-quarter outlook around \$50 billion, and the stock trades near 20 times forward earnings despite a 325 percent move year to date. Intrinsic value sits in real cash flows; the speculation is on HBM4 and the durability of the cycle. The risk is that the stock is priced for execution, and any crack in AI capital spending resets it. Trigger to watch: HBM4 commentary and hyperscaler capex guidance.

Vertiv (VRT)

Vertiv is the arms dealer of the AI build: power and cooling for data centers, and arguably the only pure-play at scale. The backlog exceeds \$15 billion, roughly 12 to 18 months of visibility extending into 2027. First-quarter revenue grew 30 percent with operating margins above 20 percent, and management raised 2026 guidance to \$13.5 to \$14.0 billion in revenue and \$6.30 to \$6.40 in adjusted earnings per share. The co-development with NVIDIA on 800-volt power for the Rubin platform ties Vertiv directly to the next compute cycle. Intrinsic value sits in the backlog and free cash flow; the speculation is on liquid-cooling adoption and the pace of capex. The risk is hyperscaler concentration and a rich multiple, where any capex pause can produce a sharp drawdown. Trigger to watch: second-quarter results on July 29 and the order book.

10. Valuation

Robinhood trades near 40 times trailing earnings. The multiple, not the business, is the swing factor. On our base case the stock holds a high-30s multiple on recovering transaction revenue and growing recurring lines, supporting roughly \$113. The bull case re-rates on product inflection toward \$150. The bear case compresses the multiple toward the high-20s as crypto revenue stays subdued and dilution weighs, taking the stock to \$68.

11. Risks and What Would Break the Thesis

- **Thesis-killer:** a deep, prolonged winter that drags Bitcoin into the \$40,000s and pulls all retail engagement lower, collapsing transaction revenue across asset classes rather than crypto alone.
- **Valuation:** near 40 times earnings leaves little room for a miss.
- **Dilution:** the \$2.2 billion convertible and any follow-on raise.
- **Regulatory:** payment for order flow, crypto rules, and scrutiny of prediction-markets and event contracts.
- **Crowding:** high retail ownership and sharp sentiment swings.

12. Positioning and Options Structures

Structure	Setup	Thesis expressed	Defined risk	Notes
Long shares	Scale in toward \$80	Core directional	Below \$80	Accumulate on weakness
Cash-secured put	Sell \$80 puts	Paid to wait	Assignment at \$80	Entry plus income
Debit call spread	Long \$100 / short \$130	Defined-risk bull	Net debit	Into a crypto stabilization
Covered call	Sell \$130 calls vs shares	Income, capped upside	n/a	If it runs to \$130

13. Condition-Based Action Framework

If this condition is met	Then take this action
Bitcoin reclaims \$65,631 and holds	Add HOOD, crypto revenue relief
Bitcoin loses \$58,115	Trim HOOD, lean into MU and VRT on capex confirmation
Q2 shows transaction revenue resilient ex-crypto	Size up HOOD
A hyperscaler guides AI capex lower	Reduce MU and VRT, the rotation thesis cracks
HOOD loses \$80	Reassess and tighten risk

14. Monitoring Checklist

- Bitcoin \$58,115 support and the \$65,631 reclaim level.
- HOOD monthly operating data: crypto volumes, net deposits, Gold members.
- Spot Bitcoin ETF flows and total assets.
- HOOD second-quarter 2026 results and guidance.
- Hyperscaler AI capital spending commentary, read through MU and VRT.

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