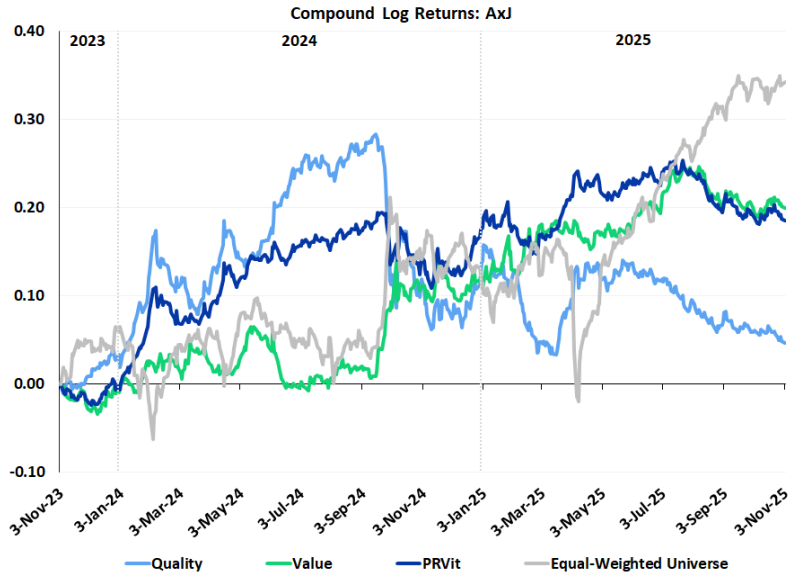
PRVit Factor Report – Asia

October 2025

Asia ex Japan Results

PRVit started to rebound in the second week of October but then rolled over in the final week of the month, driven by the performance of our Value factor. Quality has been trending down since early September as both Profitability and Risk have struggled over the last three months. Volatility Risk (R1) was the strongest factor in October (but has been negative over the last quarter). See **Figure 3** on page 2 for full details on the monthly performance for all factors.

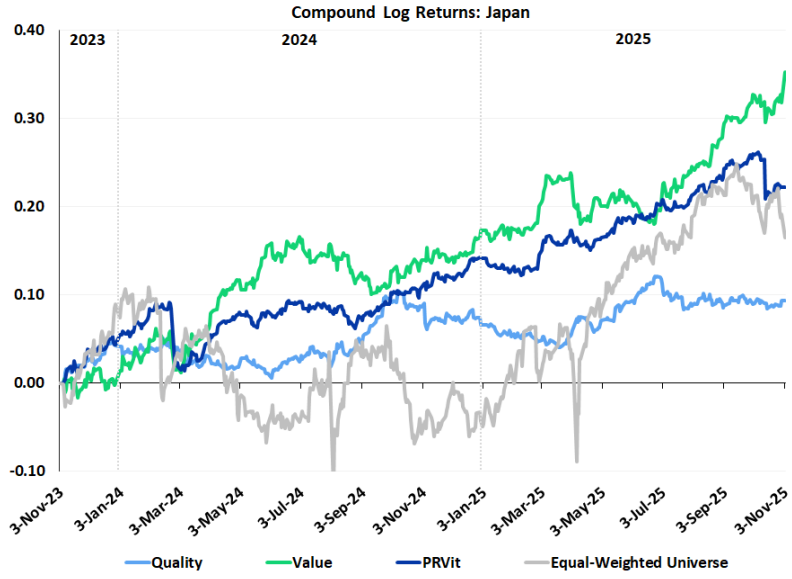
Figure 1: Factor Performance – Asia ex Japan



Japan Results

Value rolled over at the beginning of October but then rebounded sharply in the second half of the month. PRVit continued to trend up in early October until dropping mid-month (but then resumed its upward trend). Quality was essentially flat for the third month in a row as negative Risk offset improving Performance from Profitability (see page 2, **Figure 4**).

Figure 2: Factor Performance - Japan



Notes

Our monthly PRVit Reports summarize the performance of our PRVit stock selection model as well as its underlying factors: Profitability (P), Risk (R), and Value (V).

Key Takeaways:

- AxJ investors took off some Risk after adding Risk in the prior 4 months.
- In Japan, investors continued to add Risk, as our Risk factor has been negative in 5 of the last 6 months.
- Value continued to work in Japan, generating a 250bps spread.
- See page 2 for a full breakdown by subfactors of PRVit.
- Sector attractiveness can be found in **Figure 9** on page 3.

Methodology:

The graphs to the left contain the compound log returns of the total alpha coming from Quality, Value, and PRVit, as well as the equal-weighted benchmark for the last two years in each universe. Note: The 'equal-weighted universe' lines are included to show market direction: when the colored factor lines are moving up, they are generating alpha, and when they are over the '0' line of the y-axis, they have positive cumulative alpha.

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PRVit Performance by Factor

Factor performance for PRVit sub-factors for AxJ and Japan over time can be found in **Figures 3** and **4**. The top-bottom spread ("**spread**") is the difference between the average return of the top 20% and the bottom 20% of stocks ranked by a factor. The information coefficient ("**IC**") is the cross-sectional correlation between the factor ranks and future returns. An IC around 5% indicates a very monotonic result: in other words, the top quintile outperforms the 2nd quintile, the 2nd quintile outperforms the 3rd quintile, etc.

In October ("1M" columns), investors removed some Risk (R) in AxJ after high-Risk names had outperformed low-Risk names by an average of 389bps/month for the last 2 months. In Japan, Value has generated the highest alpha over time (89bps/month) and in October, Value's spread was +250bps as cheap stocks outperformed expensive stocks for the 4th month in a row.

Figure 3: Asia ex Japan – All Cap

Asia ex Japan	1M		3M		1Y		3Y		5Y		10Y		Since Dec'98	
Industry Scores	IC	Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread
Profitability (High P)	-0.3%	-0.84%	-1.1%	-0.71%	1.0%	-0.13%	3.0%	0.40%	2.3%	0.16%	3.6%	0.53%	4.2%	0.59%
Profitability Level (High P1)	-0.2%	-0.64%	-1.0%	-0.71%	1.3%	-0.03%	3.3%	0.52%	2.7%	0.25%	3.9%	0.52%	3.9%	0.30%
Profitability Trend (High P2)	-0.3%	0.04%	-0.7%	-0.33%	0.3%	-0.15%	1.7%	0.38%	0.9%	0.17%	2.1%	0.48%	3.2%	0.85%
Risk (Low R)	5.7%	0.06%	-1.9%	-2.57%	1.5%	-0.88%	4.6%	0.22%	4.7%	0.38%	5.2%	0.60%	4.1%	0.45%
Volatility (Low R1)	9.7%	0.74%	-1.2%	-2.63%	1.1%	-1.34%	4.8%	-0.10%	5.4%	0.24%	5.8%	0.45%	4.5%	0.27%
Vulnerability (Low R2)	-0.7%	-0.54%	-1.3%	-0.69%	1.3%	0.19%	2.3%	0.54%	2.0%	0.48%	2.3%	0.53%	1.9%	0.40%
Quality (High P - R)	1.8%	-0.44%	-1.7%	-1.40%	1.3%	-0.42%	4.2%	0.49%	3.7%	0.38%	5.0%	0.74%	5.1%	0.71%
Valuation (Low V)	1.7%	-0.17%	0.1%	-1.10%	4.5%	1.03%	3.6%	0.93%	3.3%	0.75%	2.1%	0.51%	1.7%	0.63%
Valuation Ratios (Low V1)	1.9%	-0.23%	0.1%	-1.11%	4.1%	0.97%	3.0%	0.86%	2.8%	0.72%	1.4%	0.43%	0.9%	0.51%
Valuation Multiples (Low V2)	2.1%	-0.31%	0.9%	-0.54%	5.2%	1.10%	5.1%	1.10%	4.3%	0.86%	3.8%	0.73%	3.4%	0.80%
PRVit	2.6%	-0.29%	-1.5%	-1.66%	4.0%	0.34%	6.0%	1.07%	5.3%	0.88%	5.7%	0.98%	5.5%	1.03%
PRVit Prime	2.5%	-0.16%	-0.3%	-1.43%	4.6%	0.58%	5.1%	0.89%	4.6%	0.76%	5.0%	0.84%	5.0%	1.04%

Figure 4: Japan – All Cap

Japan	1M		3M		1Y		3Y		5Y		10Y		Since Dec'98	
Industry Scores	IC	Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread
Profitability (High P)	1.2%	0.95%	-1.7%	0.16%	-0.1%	0.42%	-2.3%	-0.22%	-2.5%	-0.47%	0.0%	0.11%	0.2%	0.08%
Profitability Level (High P1)	-0.9%	1.34%	-4.2%	0.05%	-1.1%	0.26%	-2.1%	-0.28%	-2.2%	-0.48%	0.6%	0.22%	0.4%	0.14%
Profitability Trend (High P2)	4.0%	1.51%	3.7%	1.07%	1.8%	0.62%	-1.1%	0.02%	-1.7%	-0.25%	-0.6%	0.02%	-0.1%	0.09%
Risk (Low R)	-1.6%	-1.98%	-0.9%	-0.74%	-1.0%	-0.65%	2.1%	0.11%	1.1%	-0.08%	2.3%	0.27%	2.9%	0.39%
Volatility (Low R1)	-7.3%	-2.79%	-2.1%	-0.95%	0.5%	-0.58%	4.0%	0.34%	2.6%	0.08%	3.0%	0.24%	3.5%	0.32%
Vulnerability (Low R2)	6.0%	0.84%	2.3%	0.50%	-1.5%	-0.20%	0.7%	0.10%	0.1%	-0.05%	1.0%	0.16%	1.2%	0.22%
Quality (High P - R)	-0.4%	0.18%	-2.2%	-0.06%	-0.3%	0.04%	-1.0%	-0.17%	-1.7%	-0.45%	0.9%	0.18%	1.3%	0.21%
Valuation (Low V)	12.0%	2.50%	16.5%	3.39%	9.2%	1.61%	10.0%	2.00%	8.3%	1.68%	4.5%	0.71%	5.0%	0.89%
Valuation Ratios (Low V1)	10.3%	1.91%	15.1%	3.00%	8.3%	1.43%	9.3%	1.75%	7.9%	1.57%	4.0%	0.61%	4.5%	0.82%
Valuation Multiples (Low V2)	13.9%	2.94%	16.6%	3.61%	9.9%	1.75%	10.1%	1.97%	8.1%	1.57%	4.7%	0.73%	4.8%	0.79%
PRVit	5.4%	1.36%	8.5%	1.97%	5.2%	1.01%	6.5%	1.29%	4.8%	0.89%	4.2%	0.72%	4.6%	0.79%
PRVit Prime	5.0%	1.18%	8.1%	2.02%	5.3%	1.11%	6.4%	1.30%	4.7%	0.88%	4.2%	0.71%	4.6%	0.78%

Compound Total Alpha for Factors

The graphs below are the compound log returns of the total alpha generated by each of our key factors: Profitability (P), Risk (R), and Value (V). In these graphs, the benchmarks are provided for timing: the alpha lines are not relative to the benchmark lines.

Figure 5: Asia ex Japan – All Cap

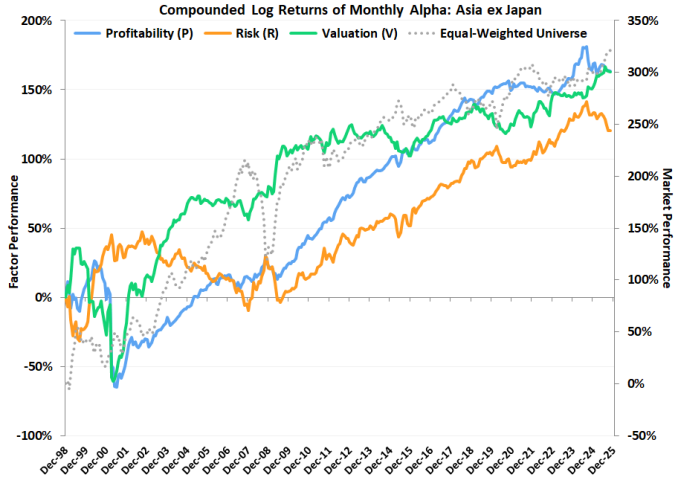
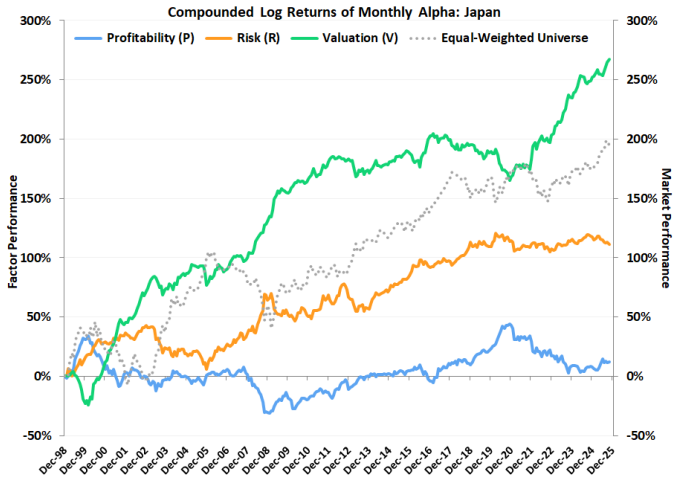


Figure 6: Japan – All Cap



PRVit Performance by Sector

Figures 7–8 show the average monthly PRVit spreads for the AxJ and Japan All Cap universes by sector. In October (1M columns), AxJ saw positive PRVit spreads in 5 of 11 sectors. In Japan, 3 of 11 sectors posted a positive spread: Discretionary, Health Care, and Staples.

Figure 7: PRVit Performance by Sector – Asia ex Japan

PRVit vs Industry	1M		3M		1Y		3Y		5Y		10Y		Since Dec'98	
Asia ex Japan	IC	Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread
ENERGY	-4.3%	-3.70%	-9.6%	-4.92%	0.7%	-0.94%	6.6%	0.84%	7.6%	1.62%	6.0%	1.53%	5.0%	1.11%
MATERIALS	-0.2%	-0.21%	-2.0%	-1.64%	4.2%	0.35%	4.7%	0.79%	3.4%	0.13%	3.9%	0.56%	4.6%	0.89%
INDUSTRIALS	7.5%	0.32%	2.9%	-0.28%	5.2%	0.79%	6.5%	0.97%	5.6%	0.77%	6.1%	1.01%	5.3%	0.95%
CONS DISC	4.8%	1.43%	0.2%	-0.99%	7.0%	1.53%	5.5%	1.09%	4.2%	0.74%	4.4%	0.70%	5.4%	1.45%
CONS STAP	-4.1%	0.53%	2.8%	1.64%	5.8%	1.22%	5.4%	1.47%	4.3%	1.20%	5.0%	0.99%	7.3%	1.63%
HEALTH CARE	1.4%	-0.06%	0.2%	-2.41%	4.3%	-0.02%	5.7%	0.91%	6.7%	1.60%	6.1%	1.05%	7.5%	1.58%
FINANCIALS	6.7%	2.18%	0.9%	-0.38%	6.4%	0.96%	4.9%	0.84%	3.9%	0.79%	3.7%	0.64%	4.4%	1.04%
INFO TECH	2.7%	-0.05%	-1.7%	-2.26%	3.2%	0.14%	5.4%	0.72%	5.9%	0.97%	6.4%	1.03%	6.3%	1.49%
COMM SVC	-10.2%	-4.27%	0.1%	-0.94%	5.2%	1.36%	5.6%	1.38%	4.5%	0.92%	4.3%	0.84%	5.3%	0.96%
UTILITIES	4.8%	1.68%	6.7%	1.04%	7.2%	1.19%	5.9%	1.02%	4.4%	0.48%	3.7%	0.41%	4.9%	0.93%
REAL ESTATE	-14.5%	-5.01%	-3.7%	-3.19%	-0.3%	0.18%	-1.0%	0.29%	-1.7%	-0.20%	0.3%	0.20%	0.3%	0.20%

Figure 8: PRVit Performance by Sector – Japan

PRVit vs Industry	1M		3M		1Y		3Y		5Y		10Y		Since Dec'98	
Japan	IC	Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread	Avg IC	Avg Monthly Spread
ENERGY	-28.5%	-2.39%	-6.2%	-4.53%	4.7%	1.19%	1.6%	1.03%	-1.5%	0.30%	1.8%	0.62%	1.9%	-0.17%
MATERIALS	-5.7%	-2.21%	-2.0%	-4.83%	4.5%	1.40%	6.0%	1.73%	3.8%	0.61%	3.9%	0.47%	4.8%	0.70%
INDUSTRIALS	3.1%	-0.55%	11.7%	2.75%	7.6%	1.46%	9.4%	1.77%	6.7%	1.22%	4.3%	0.82%	4.4%	0.79%
CONS DISC	12.1%	4.29%	15.9%	4.21%	8.3%	2.07%	7.1%	1.67%	3.7%	0.78%	2.5%	0.40%	4.3%	0.79%
CONS STAP	2.7%	0.32%	3.9%	-0.18%	7.9%	0.27%	6.7%	0.96%	4.1%	0.57%	3.3%	0.42%	5.4%	0.93%
HEALTH CARE	10.6%	3.86%	10.0%	3.29%	10.3%	1.38%	12.0%	1.66%	10.4%	1.72%	6.6%	0.40%	6.4%	0.18%
FINANCIALS	-10.1%	-0.70%	-10.0%	-1.02%	-9.7%	-1.05%	-5.1%	-1.29%	-1.1%	-0.69%	1.0%	-0.11%	2.6%	0.17%
INFO TECH	-3.8%	-1.26%	7.8%	2.08%	7.8%	1.16%	7.8%	1.60%	6.8%	1.24%	5.5%	0.85%	5.4%	0.81%
COMM SVC	-9.0%	-4.80%	4.7%	-0.30%	2.5%	0.81%	6.1%	1.17%	4.9%	0.65%	5.4%	0.75%	6.9%	1.63%
UTILITIES	-13.9%	-0.09%	-1.6%	-0.24%	-3.5%	-2.06%	5.0%	0.81%	6.2%	-0.04%	3.9%	-0.01%	5.5%	-0.29%
REAL ESTATE	-54.9%	-4.87%	2.4%	1.25%	6.3%	1.83%	8.9%	2.63%	9.9%	3.42%	7.6%	2.33%	7.6%	2.33%

Sector Attractiveness

In **Figure 9**, we provide an update of our sector attractiveness tables for the two universes. In the AxJ space, Financials, Energy, Staples, and Utilities continue to be the most attractive sectors. In Japan, Health Care, Materials, IT, and Energy are the most attractive sectors. Overall, Japan saw a small dip to its PRVit score, which causes the country to slip from neutral to unattractive.

Figure 9: Sector Attractiveness

AxJ	PRVit	Quality	Value
Financials	55	60	48
Energy	53	36	41
Consumer Staples	53	67	61
Utilities	52	36	43
Health Care	51	48	69
Consumer Discretionary	50	57	61
Materials	49	40	56
Industrials	48	49	60
Communication Services	48	49	60
Information Technology	46	43	71
AxJ Average	50	49	60

Japan	PRVit	Quality	Value
Health Care	60	60	33
Materials	59	51	24
Information Technology	57	67	51
Energy	53	47	21
Industrials	50	60	35
Consumer Discretionary	47	61	35
Utilities	46	36	16
Consumer Staples	42	61	34
Communication Services	38	61	53
Financials	34	50	27
Japan Average	49	59	35

Pharma, Biotech, and Life Science companies with market caps under $5B have been removed from both regions, as well as all Real Estate companies. Please see the report PRVit Report – Asia ex Japan for the effectiveness of our Sector Attractiveness report (page 14, **Figures 40** and **41** of that report).

Expectations Analysis

A key driver of our Value scores is the embedded expectations of the market. For this, we use the Future Growth Reliance (FGR) metric, which computes the implied future EVA growth.

Figure 10 below plots the FGR over the last 10 years – the gray area is the overall range (min to max), the orange lines represent the mean, the greenish-blue lines show the mean plus/minus 1 standard deviation, the green diamonds represent the current value, the red 'Xs' indicate the lows from March 2009, and the blue 'Xs' represent the lows of March 2020. **Figure 11** shows the same data points for Japan.

Figure 10: Expectations Analysis Asia ex Japan

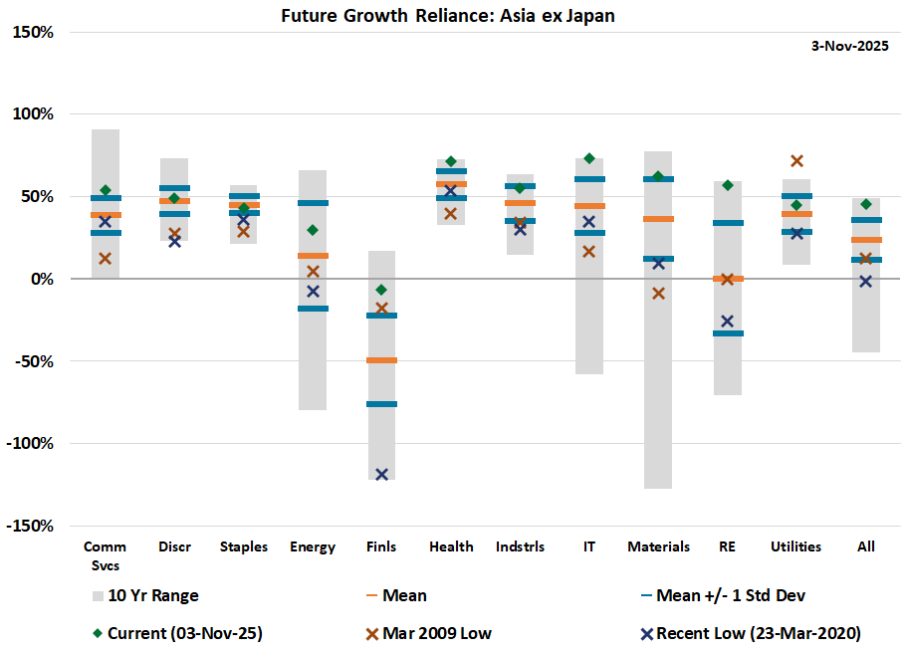
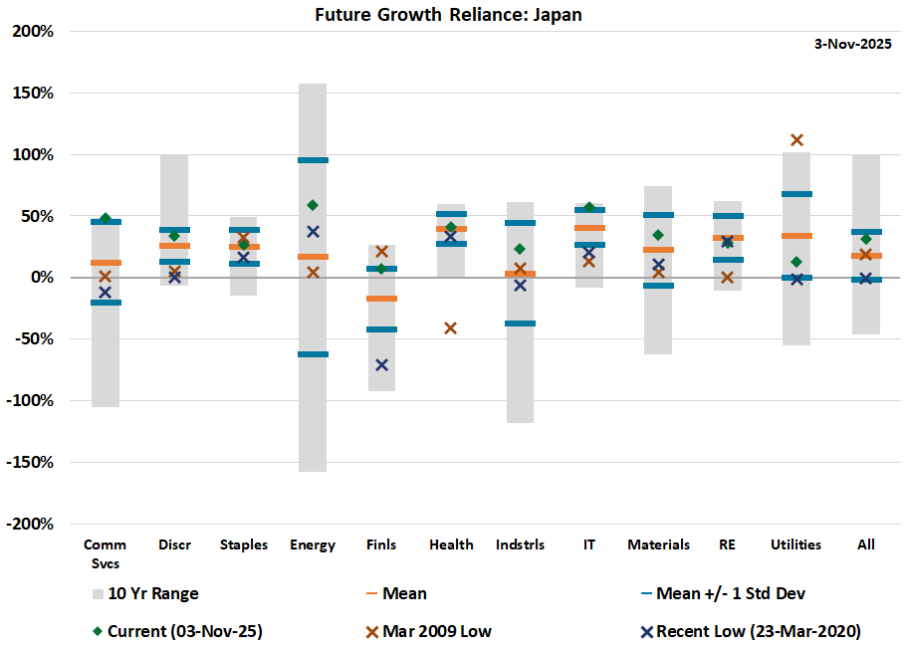


Figure 11: Expectations Analysis Japan



Formulas

Future Growth Reliance (FGR) = FVA / Market Cap

Future Value Added (FVA) = Market Cap – Current Value Added (CVA)

Current Value Added (CVA) = EVA / Cost of Capital (no-growth scenario)

NOTE: Parenthetical values below are the z-score: (current value – 10 year mean)/standard deviation

Asia ex Japan

IT (+1.8x), Health Care (+1.7x), and Financials (+1.6x) have some of the highest expectations relative to their 10-year means. Staples (-0.5x), Discretionary (+0.2x), and Energy (+0.5x) have the lowest expectations (despite the latter two being above historical levels).

Japan

IT (+1.2x), Communication Services (+1.1x), and Financials (+1.0x) have the highest expectations relative to their historical average expectations. Utilities (-0.6x), Staples (+0.1x), and Health Care (+0.1x) have some of the lowest relative expectations (despite the latter two being above their historical mean).

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We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.
EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + Present Value of EVA
If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge
EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales
A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales
An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum
Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)
The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV
Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com (link): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework
EVA for Investors (link): A full introduction to the key EVA concepts and metrics

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