

Global SMID Cap Screen Bundle

All companies have market caps between \$500M and \$6B (USD)

Good Companies on Sale ([screen](#))

Our screen narrows down the Global SMID Cap universe to isolate the companies that are strong operationally versus their sector – companies that have strong Quality. Our Quality score combines the level and trend of EVA Margin (Profitability) with our Risk factors, Volatility (R1) and Vulnerability (R2). We then filter to leave only the companies that have current Future Growth Reliance (FGR) below their own 3-yr and 5-yr medians. Specifically, the companies must meet the following criteria:

1. Quality (Risk-Adjusted Profitability) above the 50th percentile for their sector, both now and for 3-yr averages
2. EVA Momentum is above the 30th percentile for their sector
3. EVA Margin Volatility is below the 70th percentile for their sector (lower is less risky)
4. FGR Current < FGR 3-yr average and FGR Current < FGR 5-yr average
5. PRVIt score is above the 80th percentile (most attractive quintile)

Select Cos: **SAMSUNG ENGINEERING, CELSIA, INDRAPRASTHA GAS, TOYOTA BOSHOKU, FLEXIUM INTERCONNECT, SIMCORP, GREEN DOT**

Companies Investing ([screen](#))

Our screen identifies companies that are growing their capital base by investing in their business, either through R&D, Net Plant/Other assets, or SG&A expenses but are able to maintain (or grow into) high EVA Margins. By growing the business and improving returns, these businesses will generate substantial economic value. We categorize 6 different buckets within this screen:

1. Investment into High Returns: High capital growth at high EVA Margin
2. Investment into Rising Returns: High capital growth accompanied by EVA Margin improvement
3. R&D Growth into High Returns: High R&D spend at high EVA Margin
4. R&D Growth into Rising Returns: High R&D growth accompanied by EVA Margin improvement
5. SG&A Growth into High Returns: High SG&A spend at high EVA Margin
6. SG&A Growth into Rising Returns: High SG&A growth accompanied by EVA Margin improvement

All companies have PRVIt score above the 80th percentile (most attractive quintile).

Select Cos: **TRUSTPOWER, SOJITZ, GS RETAIL CO, STELCO HOLDINGS, NATIONAL ALUMINIUM, GROUPON, RIZAL COMMERCIAL BANK, CELSIA**

Strict Quality ([screen](#))

To make this screen, companies must have positive EVA Margin and positive EVA Momentum for 32 of the last 40 quarters as well as EVA Momentum above -2% for all 40 of the last 40 quarters. We add the additional criteria that PRVIt score must be above 60 (0 to 100 scale, 100 is the most favorable).

Select Cos: **FIRST BANCORP, BANGKOK CHAIN HOSPITAL, ALARM.COM, DOHA BANK, BIZLINK, PACIFIC PREMIER BANKCORP, ITEQ, KRBL**

Good Companies, Asset Growers, and Strict Quality

Our Global SMID Cap Screen Bundle contains three separate screens to identify interesting stories.

Good Companies on Sale – our most popular – highlights companies with good operational quality that have lower expectations than usual (relative to themselves).

Companies Investing (previously called 'Asset Growers') identifies management teams that are investing more capital in the business while simultaneously improving returns (or maintaining elevated returns).

Our **Strict Quality** screen highlights companies that continue to produce steady profitability and growth.

All the companies in these screens also score in our 'Overweight' or 'Buy' category using their **PRVIt** score. PRVIt compares the Quality and Value scores to identify which companies have the greatest disconnect (the market is not paying for management's achieved level of Quality).

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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. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our 22,000+ stock universe.

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About ISS EVA

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 22,000+ 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

Best Practice EVA ([link](#)): A summary of Bennett Stewart's most recent book on EVA, available for purchase on [Amazon.com](#)

What Determines TSR ([link](#)): Insight into the relationship between EVA and stock prices

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