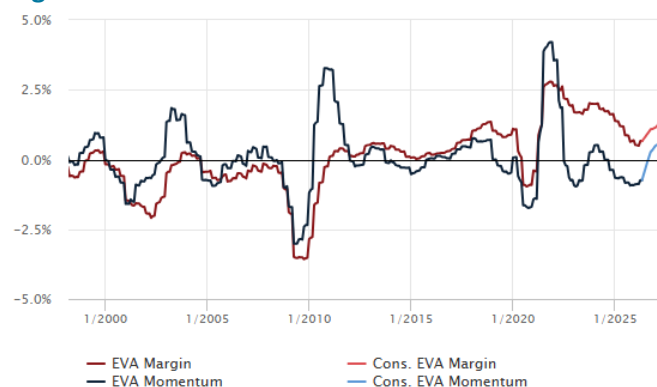


Consumer Discretionary: Revisiting Our 2026 Top Picks (May 2026 Edition)

We started off 2026 with an 'Underweight' stance on the Consumer Discretionary sector in January ([Consumer Discretionary Roadmap 2026](#)), given pressured EVA growth and relatively expensive Valuations. Since then, EVA Fundamentals (**Figure 1**) have shown initial signs of bottoming out, driven by accelerating top-line growth and expanding EBITDAR Margin, while Valuation levels have moved slightly lower. EVA-adjusted Consensus indicates that incremental value creation (EVA Momentum) will turn positive during H2 2026. We are not yet bullish on the sector but see pockets of opportunities at the industry level.

In the Roadmap, we identified 68 firms that appeared attractive through the PRVIt lens. The average return for these firms stands near -1% as of May 5th, outperforming the MSCI World Consumer Discretionary index which has returned -1.8%. Below, we review the current EVA trends for those firms (**Figures 3-5**).

Figure 1: EVA Fundamentals – Global Consumer Discretionary



In **Figure 2**, we show updated sales-weighted EVA Metrics for the Consumer Discretionary sector by industry. Year-to-date (YTD) returns are market-cap weighted. The Auto Components industry, which is the second-strongest-performing industry, YTD, continues to look strong in PRVIt, supported by an attractive Quality-Value profile. Household Durables and Broadline Retail have each seen a 4-point drop in PRVIt, impacted by weaker Quality (P-R). The unattractive PRVIt Score for Broadline Retail is driven by Amazon (**AMZN**, rated 'Underweight'), the largest firm in the industry by far; Ex-AMZN PRVIt Score (not shown) for the industry is relatively strong, at 58. Txtls, Appl & Lux Goods remains weak in PRVIt but has improved by 4 points on better Quality and lower Valuations after seeing the weakest returns in the sector.

Figure 2: Industry Trends – Consumer Discretionary (Sales-Weighted)

Industry	PRVIt Prime Score	PRVIt (Chg since Jan'26)	Quality (P-R)	Valuation Score (V)	EVA Margin (%)	EVA Momentum (%)	Return YTD (%)
Distributors	71	-	44	26	0.22%	-0.17%	-2.73%
Diversified Consumer Services	70	-3	75	50	4.57%	1.20%	0.89%
Automobile Components	61	-1	55	25	-1.89%	-0.47%	4.45%
Household Durables	56	-4	54	35	0.72%	-0.90%	1.84%
Leisure Products	56	+6	63	42	1.28%	0.01%	2.81%
Specialty Retail	48	-2	62	51	2.97%	-0.03%	0.70%
Hotels, Restaurants & Leisure	44	-	60	58	4.52%	-0.48%	-3.80%
Broadline Retail	42	-4	64	60	6.29%	1.84%	9.61%
Textiles, Apparel & Luxury Goods	42	+4	58	53	3.80%	-0.96%	-14.41%
Automobiles	37	-	30	20	-4.04%	-2.35%	-8.05%
Consumer Discretionary (Sector)	45		50	39	0.77%	-0.68%	-0.47%

Key Summary

We started off 2026 with an 'Underweight' stance on the Consumer Discretionary sector in January, given pressured EVA growth and relatively high Valuations. Since then, EVA Fundamentals have shown signs of bottoming out, driven by accelerating sales growth and expanding EBITDAR Margin, while Valuations have moved slightly lower. In the [Roadmap](#), we picked 68 firms that appeared attractive in PRVIt. The average return for these firms stands near -1% as of May 5th, outperforming the MSCI World Consumer Discretionary index which has returned -1.8%. In this report, we review the current EVA trends for those firms.

EVA Primer

1. EVA measures the true economic profit of a business after compensating shareholders for use of their capital and is therefore superior to standard accounting measures.
2. The value of a company is the capital invested plus the present value of future EVA generation. The math is like a DCF:
Market Value = Capital + PV(EVA).
3. Therefore, more Economic Value Added (EVA) is better.

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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 +29,000 stock universe.

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On average, all industries from our Top Picks universe continue to look attractive through the PRVIt lens. The top picks from our most-favored industries, Diversified Consumer Services, Distributors, and Automobile Components, have seen positive, low-to-mid single digit returns on a YTD basis. We have been bearish on the Textiles, Apparel & Luxury Goods; and Hotels, Restaurants & Leisure industries. Both industries have seen some of the lowest returns on a YTD basis, at -6.40% and -6.91% respectively, after Specialty Retail at -8.33%.

Figure 4: PRVit Heatmap – Global Consumer Discretionary 2026 Top Picks



Figure 5: Global Consumer Discretionary 2026 Top Picks

Figure 5 shows the top picks for 2026 from the Consumer Discretionary sector. On average, the firms have very strong PRVit Prime Scores, as very high levels of Quality (P-R) are supported by moderately low Valuations. **EXPE** and **PSO** were downgraded to 'Hold' after the Roadmap was published, on lower Profitability on an industry-relative basis. **GOLF**, having seen 20% returns on a YTD basis, was downgraded to 'Underweight' in February, impacted by weaker Profitability and relatively higher Valuations levels.

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	PRVit Prime Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD (%)	Last Filing	ESG Perf Score
TRIP COM GROUP LTD -ADR	TCOM	HtIs, Rstnts & Leisure	Singapore	38,699	36.26%	28.56%	2	89	81	97	75	32	-24.60%	31-03-26	41.93
GEELY AUTOMOBILE HLDGS LTD	175 HK	Automobiles	China	31,697	3.31%	1.25%	-2	96	89	87	34	44	24.07%	01-05-26	55.38
EXPEDIA GROUP INC	EXPE	HtIs, Rstnts & Leisure	U.S.	31,034	5.28%	-2.06%	-1	44	66	68	49	63	-10.51%	17-02-26	50.22
SAIC MOTOR CORP LTD	600104 CH	Automobiles	China	23,199	-1.98%	0.78%	3	97	61	57	37	8	-9.46%	04-04-26	28.18
YUM CHINA HOLDINGS INC	YUMC	HtIs, Rstnts & Leisure	U.S.	17,205	4.80%	0.24%	2	84	92	80	12	57	2.83%	29-04-26	49.06
DECKERS OUTDOOR CORP	DECK	Txtls, Appl & Lux Goods	U.S.	14,320	16.84%	1.12%	-6	74	95	96	31	71	-2.69%	03-02-26	51.7
APTIV PLC	APTIV	Automobile Components	U.S.	12,893	3.37%	1.08%	-1	80	87	83	30	47	-20.50%	10-02-26	47.61
BORGWARNER INC	BWA	Automobile Components	U.S.	11,699	-0.44%	-0.03%	1	88	75	62	19	21	26.36%	18-02-26	54.99
CHEWY INC	CHWY	Specialty Retail	U.S.	10,602	1.26%	0.48%	1	65	92	85	20	73	-22.72%	31-03-26	15.89
PEARSON PLC -ADR	PSO	Dvsfd Consumer Svcs	U.K.	9,196	-3.02%	0.17%	-2	46	65	53	21	48	7.85%	10-04-26	72.62
GAP INC	GAP	Specialty Retail	U.S.	9,033	1.69%	0.30%	-5	81	67	74	59	26	-2.27%	25-03-26	60.47
AUTOLIV INC	ALV	Automobile Components	U.S.	8,701	2.95%	0.32%	-2	90	89	75	12	35	0.64%	24-04-26	59.13
ZHEJIANG LEAPMOTOR TECHNO CO	9863 HK	Automobiles	China	6,845	2.44%	9.46%	-2	88	85	88	48	55	-5.42%	18-03-26	42.97
SUPER GROUP (SGHC) LTD	SGHC	HtIs, Rstnts & Leisure	U.S.	6,549	12.71%	10.05%	-1	52	91	96	46	87	10.38%	31-03-26	22.13
BRINKER INTL INC	EAT	HtIs, Rstnts & Leisure	U.S.	6,357	7.05%	1.85%	-2	79	86	89	45	56	3.22%	29-04-26	31.07
ADT INC	ADT	Dvsfd Consumer Svcs	U.S.	6,215	5.72%	2.52%	2	95	83	81	38	25	-5.76%	30-04-26	37.25
URBAN OUTFITTERS INC	URBN	Specialty Retail	U.S.	6,191	4.65%	1.45%	-2	83	77	83	57	34	-8.30%	09-04-26	43.27
WYNDHAM HOTELS & RESRTS	WH	HtIs, Rstnts & Leisure	U.S.	6,105	12.03%	1.73%	5	63	87	77	20	71	7.56%	29-04-26	50.12
ACUSHNET HOLDINGS CORP	GOLF	Leisure Products	U.S.	5,605	3.45%	-1.05%	-1	43	76	64	20	70	20.24%	14-03-26	33.02
MIXUE GROUP	2097 HK	HtIs, Rstnts & Leisure	China	5,542	14.13%	6.71%	4	100	98	98	18	37	-31.89%	26-03-26	
PEPCO GROUP N.V.	PCO PW	Broadline Retail	Poland	5,162	0.83%	0.81%	2	63	80	71	27	56	6.86%	18-01-26	
KOITO MANUFACTURING CO LTD	7276 JP	Automobile Components	Japan	4,952	0.69%	1.99%	4	81	83	63	1	18	10.37%	28-10-25	39.7
GRAHAM HOLDINGS CO	GHC	Dvsfd Consumer Svcs	U.S.	4,946	5.86%	0.18%	-2	68	71	81	65	49	3.60%	01-05-26	28.66
HISENSE ELECTRIC CO LTD	600060 CH	Household Durables	China	4,893	2.34%	0.31%	-1	99	93	78	2	37	5.44%	13-04-26	38
LONCIN MOTOR CO LTD	603766 CH	Automobiles	China	4,620	5.02%	2.57%	-1	88	95	86	12	71	-3.41%	27-04-26	
PTT OIL AND RETAIL BUSINESS	OR TB	Specialty Retail	Thailand	4,558	0.18%	0.34%	-1	50	44	55	70	27	-5.26%	15-02-26	46.61
LAUREATE EDUCATION INC	LAUR	Dvsfd Consumer Svcs	U.S.	4,382	17.12%	-1.24%	2	72	93	91	30	73	-7.22%	01-05-26	64.83
FIELMANN GROUP AG	FIE GR	Specialty Retail	Germany	4,200	5.46%	1.51%	1	67	90	85	28	59	-2.41%	06-12-25	47.02
BEIQI FOTON MOTOR CO LTD	600166 CH	Automobiles	China	4,093	-1.29%	0.33%	3	87	77	67	23	47	20.89%	14-11-25	
CIE AUTOMOTIVE SA	CIE SM	Automobile Components	Spain	4,088	5.75%	1.67%	3	58	81	80	41	54	-0.94%	06-03-26	53.35
INCHCAPE PLC	INCH LN	Distributors	U.K.	4,035	1.54%	0.81%	4	83	65	69	53	19	8.53%	26-03-26	37.69
GS YUASA CORP	6674 JP	Automobile Components	Japan	4,023	0.59%	0.42%	1	57	74	63	23	29	69.01%	06-11-25	54.34
BLOCK H & R INC	HRB	Dvsfd Consumer Svcs	U.S.	3,961	12.95%	1.95%	3	78	84	93	60	54	-27.33%	11-02-26	49.97
COVISTA INC	CVSA	Dvsfd Consumer Svcs	U.S.	3,961	7.30%	3.41%	3	92	89	84	26	40	10.04%	01-02-26	71.07
STRIDE INC	LRN	Dvsfd Consumer Svcs	U.S.	3,958	8.58%	1.12%	-3	85	82	87	52	42	43.35%	29-04-26	60.93
TRAVELSKY TECHNOLOGY LTD	696 HK	HtIs, Rstnts & Leisure	China	3,612	5.65%	-2.73%	-4	99	86	75	18	30	-8.78%	27-04-26	26.27
DORMAN PRODUCTS INC	DORM	Automobile Components	U.S.	3,435	6.77%	1.90%	-1	83	87	82	28	43	-8.37%	15-03-26	38.14
AIMA TECHNOLOGY GROUP CO LTD	603529 CH	Automobiles	China	2,976	3.85%	-1.66%	-2	64	50	55	57	44	-21.18%	26-04-26	
VISTEON CORP	VC	Automobile Components	U.S.	2,963	4.98%	-0.36%	-1	87	96	86	8	52	17.53%	23-04-26	50.14
NIFCO INC	7988 JP	Automobile Components	Japan	2,881	7.32%	5.07%	4	84	93	84	13	29	-6.17%	31-10-25	26.35
SANKYO CO LTD (MACHINERY)	6417 JP	Leisure Products	Japan	2,692	27.90%	5.54%	4	90	100	98	6	43	-26.03%	06-11-25	25.18
CIRSA ENTERPRISES SA	CIRSA SM	HtIs, Rstnts & Leisure	Spain	2,542	0.93%	0.42%	-1	83	73	66	31	29	-10.07%	09-03-26	
NOJIMA CORP	7419 JP	Specialty Retail	Japan	2,378	2.80%	1.40%	8	90	93	82	10	24	2.44%	30-10-25	26.24
CECONOMY AG	CEC GR	Specialty Retail	Germany	2,369	0.01%	0.28%	2	89	84	74	23	24	-5.90%	14-02-26	53.8
CASIO COMPUTER CO LTD	6952 JP	Household Durables	Japan	2,352	-0.08%	2.23%	2	61	79	60	7	36	23.78%	06-11-25	49.14
CHINA NATIONAL GOLD GROUP	600916 CH	Txtls, Appl & Lux Goods	China	2,200	0.20%	-0.61%	1	96	89	73	5	50	9.69%	11-11-25	
BEIJING CAISHIKOU DEPARTMENT	605599 CH	Specialty Retail	China	2,186	2.38%	0.53%	2	94	94	84	11	60	17.23%	03-11-25	
HBX GROUP INTERNATIONAL PLC	HBX SM	HtIs, Rstnts & Leisure	U.K.	2,004	18.07%	2.57%	4	80	80	89	62	34	-7.20%	30-01-26	
JIANG LING MOTORS CORP LTD	000550 CH	Automobiles	China	1,874	3.89%	1.47%	-1	99	96	89	13	35	0.81%	30-03-26	
DOM DEVELOPMENT SA	DOM PW	Household Durables	Poland	1,852	13.31%	1.52%	-1	89	100	95	2	63	1.57%	12-04-26	
MIZUNO CORP	8022 JP	Leisure Products	Japan	1,676	2.39%	0.65%	2	78	87	71	9	30	7.59%	07-11-25	
TOKAI RIKI CO LTD	6995 JP	Automobile Components	Japan	1,617	1.52%	2.90%	4	94	90	73	1	5	-7.22%	30-10-25	38.87
CHINA EAST EDUCATION HLD LTD	667 HK	Dvsfd Consumer Svcs	China	1,498	8.81%	5.53%	-2	97	83	89	55	40	-22.74%	24-04-26	
JIANGSU BOJUN INDUSTRIAL TEC	300926 CH	Automobile Components	China	1,448	6.14%	-0.47%	-1	79	70	80	63	51	-30.54%	13-04-26	
ADVTECH LTD	ADH SJ	Dvsfd Consumer Svcs	South Africa	1,427	6.72%	1.45%	6	51	84	82	38	66	16.52%	28-03-26	62.99
GUANGDONG CHJ IND CO LTD	002345 CH	Txtls, Appl & Lux Goods	China	1,375	2.74%	3.90%	5	81	67	84	79	49	-15.44%	10-04-26	
WUXI ZHENHUA AUTO PARTS CO	605319 CH	Automobile Components	China	1,375	2.23%	0.82%	2	73	84	76	26	72	27.47%	05-11-25	
SEIREN CO LTD	3569 JP	Automobile Components	Japan	1,307	3.07%	0.91%	4	81	86	70	7	22	4.84%	13-11-25	33.06
ALI AL GHANIM SONS AUTOMOTIV	ALG KK	Specialty Retail	Kuwait	1,302	6.91%	0.13%	2	81	93	83	14	59	-1.87%	27-02-26	
GLENVEAGH PROPERTIES PLC	GLV ID	Household Durables	Ireland	1,278	3.28%	0.05%	-2	54	57	70	71	29	9.33%	13-04-26	50.39
SANGETSU CORP	8130 JP	Household Durables	Japan	1,130	3.28%	0.65%	4	86	89	75	10	24	-1.30%	07-11-25	37.42
YOTRIO GROUP CO LTD	002489 CH	Leisure Products	China	1,032	2.38%	5.06%	1	95	78	83	53	38	-15.14%	14-11-25	
CHANGCHUN FAWAY GROUP AUTO	600742 CH	Automobile Components	China	1,025	1.72%	-0.25%	-2	99	91	75	3	26	-4.40%	01-05-26	
ATRENEW INC -ADR	RERE	Specialty Retail	China	1,015	-1.65%	1.77%	3	96	74	61	19	29	-14.53%	20-11-25	
ZHOU LIU FU JEWELLERY CO	6168 HK	Specialty Retail	China	957	8.20%	0.57%	4	86	63	81	81	39	-42.85%	28-03-26	
JOEONE CO LTD	601566 CH	Txtls, Appl & Lux Goods	China	914	-0.33%	3.38%	4	89	82	74	25	55	-17.16%	04-11-25	
SYNSAM AB	SYNSAM SS	Specialty Retail	Sweden	911	7.84%	3.33%	-1	71	82	91	62	50	-13.48%	30-03-26	
GUANGDONG VANWARD NEW ELEC	002543 CH	Household Durables	China	898	4.09%	2.31%	2	99	87	85	34	26	-19.20%	31-10-25	
Average				5,794	5.48%	1.93%	1	80	82	79	32	43	-1.03%	16-02-26	44.48

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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 + PV 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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