

## ISS EVA Research Roundup: September 04<sup>th</sup>, 2025

### Weekly Research

#### Names in the News: BRBY LN and BBY ([report](#))

This week, we cover Burberry Group plc (BRBY LN, rated 'Sell') and Best Buy Co., Inc. (BBY, rated 'Buy'). BRBY LN will return to FTSE 100 later this month. BBY was upgraded to 'Buy' last week on improved Quality (P-R). The company published its quarterly earnings last week, seeing positive top-line growth.

#### Global Sector Charts: A Slow Down Before a Recovery ([report](#))

Global aggregate EVA Momentum (growth) hovered close to zero growth in Q3, after having seen 21 months of improvement to incremental EVA growth. Consensus has edged down in the outlook for Q4 and the 1H of 2026, suggesting EVA Momentum turns further negative before recovering in the 2H of 2026. With such elevated current market expectations for the ongoing recovery in value creation, investors should be mindful of the implied rolling over of growth.

#### Developed Markets: High Profitability Attractive Names ([report](#))

In this report we screen for companies with a 5% or greater EVA Margin (profitability) that also currently have positive EVA Momentum. The firms are also avoiding the top 10% most expensively valued firms.

#### Stealth Outperformance of U.S. Small Caps ([report](#))

U.S. equities rallied across the board after Fed Chair Jerome Powell's dovish tilt during his Jackson Hole speech but Small Caps, relatively better placed in PRVIt than their Large-Mid Cap counterparts, saw an especially strong rally.

#### Consumer Discretionary: North America Recovers while Europe Lags ([report](#))

Global Consumer Discretionary has underperformed the market in 2025 so far, aligning with our 'Underweight' outlook on the sector in January. Within the sector, however, North America is rated favorably within the PRVIt framework.

#### Industry Snapshot: Global Communications Equipment ([report](#))

On average, Large Cap firms look expensive in the PRVIt model; however, the firms also have a high level of Risk-Adjusted Profitability, leaving a favorable view. EVA Fundamentals for the industry have turned positive over the past quarter.

### Quant Reports

#### PRVIt Factor Report: Global ([report](#))

Cheap Value started working in the Large Cap universe in June and continued to work through August as cheap names outperformed expensive names. In Small Cap, cheap Value also worked. All the Quality factors posted a negative spread except Profitability Trend in the Large Cap universe and Vulnerability Risk in both universes.

#### PRVIt Factor Report: United States ([report](#))

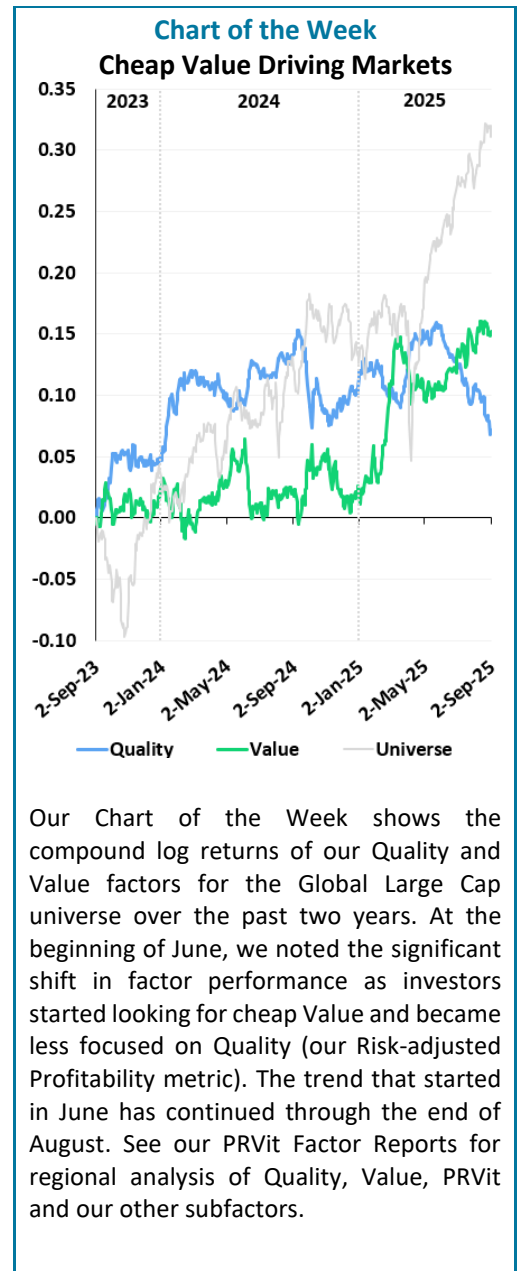
Cheap Value drove the market, as our Value factor saw a positive spread in both the Large Cap and Small Cap universes. Quality and all its subfactors (Profitability and Risk) were all negative in the Large Cap universe. In the Small Cap universe, investors took off some Risk as low-Risk names outperformed high-Risk names.

#### PRVIt Factor Report: Europe and the United Kingdom ([report](#))

In Europe, Value continued to generate alpha in August, a trend that started in early June. Quality rolled over at the end of July and was off for the month of August. In the U.K., PRVIt trended down throughout August.

#### PRVIt Factor Report: Asia and Japan ([report](#))

In Asia ex Japan, Quality continued the slide that started in June, although it did tick up in the final days of August. Value trended up through most of June and July but then rolled over mid-August. In Japan, Value rebounded sharply at the end of June and throughout August. PRVIt continued to follow Value.



Gavin Thomson  
Global Director of Fundamental Research

ISS EVA Equity Research Team  
[evaanalytics@iss-stox.com](mailto:evaanalytics@iss-stox.com)

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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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## 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 = $\Delta$ 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 = $\Delta$ 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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## Research Division

### *Senior Management Team*

**Gavin Thomson**

Executive Director

Global Director of Fundamental Research

**Casey Lea**

Executive Director

Global Director of Quantitative Research