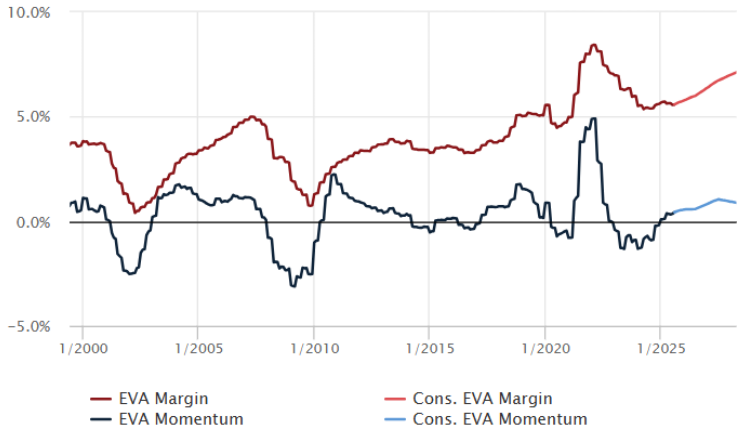
S&P 500 EVA YTD Winners & Losers

Momentum & Recovery Opportunities

The S&P 500 is up just shy of 10% YTD at the time of writing, with 46% of firms in the index having outperformed YTD. EVA Fundamentals (**Figure 1**) for the index have seen ongoing improvements since the end of 2024. EVA Margin (profitability) is strong at 5.6%, which is still above the pre-Covid highs and 420bps above our global aggregate level. EVA Momentum (growth) has been positive since the end of the year, and consensus expects growth to continue increasing until June 2027. Given such strong market performance, we wanted to look at the analysis across the outperformers and underperformers YTD.

Figure 1: S&P 500 EVA Fundamentals



In **Figure 2** we show the EVA data for the 231 outperformers (+10% YTD return) and the 277 underperformers. The EVA Margin on average is currently 30bps higher for the outperformers, at 4.4%. Compared to the beginning of the year, the outperformers have seen an improvement in Profitability, with a 40bps improvement in EVA Margin, positive EVA Momentum, a higher Profitability Trend score, and a higher recent trend in Profitability, as illustrated by EVA Shock 1Q. The PRVit score is lower, as higher Quality also has a higher Valuation attached for the outperforming cohort. The average return for the outperformers is 25.8% versus -7% for the underperformers.

Figure 2: S&P 500 EVA Analysis

S&P 500 Analysis	Outperformers	Underperformers
Average of EVA Margin (%)	4.4%	4.1%
Average of EVA Margin - TFQ (-2Q)	4.0%	4.6%
Average of EVA Momentum (%)	1.6%	-0.8%
Average of P2 Profitability Trend	60	53
Average of EVA Shock (1 Qtr.)(%)	0.5%	0.3%
Average of PRVit Score	45	50
Average of PRVit Prime - TFQ (-2Q)	49	51
Average of Quality (P-R)	62	61
Average of Profitability Score (P)	64	61
Average of Risk Score (R)	49	44
Average of Valuation Score (V)	65	59
Average of PX Chg	25.8%	-7.0%

Key Point

- The S&P 500 is up just shy of 10% YTD at the time of writing, with 46% of firms in the index having outperformed YTD.
- The EVA Margin on average is currently 30bps higher for the outperformers, at 4.4%.
- We conduct 2 stock screens: the Outperformers Screen, "The Momentum Screen," and the Underperformers Screen, "Attractive Underperformers with a Positive EVA Margin."

PRVit Framework

PRVit is a platform that translates underlying EVA Fundamentals into EVA metrics (Profitability, Risk, Value) that can be ranked and then compared relative to the broader market or intra-industry. To be clear, PRVit is not a black box ranking system. PRVit systematically links company fundamentals and market values to economic (EVA) metrics, and the resulting score is a percentile rank.

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About ISS EVA

We are an independent equity research provider offering investing insights using 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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Outperformers Screen – The Momentum Screen

In Figure 3 we screen for outperforming S&P 500 firms YTD that currently also look attractive in the EVA framework. We have named this screen 'Momentum,' as investors have both EVA Momentum and share price momentum.

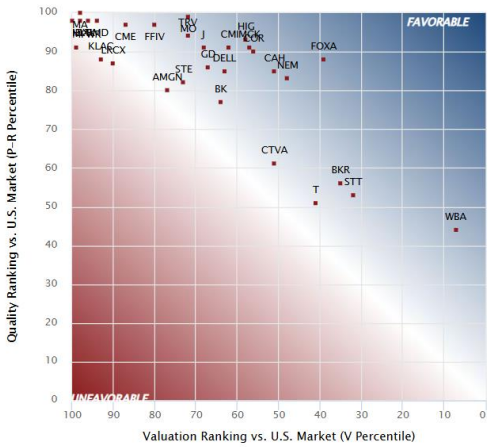
Screen Criteria:

- EVA Momentum > 0%
- EVA Shock 1Q ≥ 0%
- PRVit ≥ 60 (Buy or Overweight)
- Profitability Trend (P2) ≥ 60

Figure 2: S&P 500 Attractive EVA Momentum Plays

Name	Ticker	GICS Sector	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	EVA Shock (1 Qtr.)(%)	PRVit Score	Quality (P-R)	Profitability Score (P)	P2 Profitability Trend	Risk Score (R)	Valuation Score (V)	ESG Perf Score	Share Price Ytd (%)
VISA INC	V	Financials	674,404	42.6%	4.7%	1.2%	68	97	98	93	23	97	55.33	11.7%
MASTERCARD INC	MA	Financials	536,479	41.2%	6.2%	1.2%	72	99	99	97	15	99	58.24	12.8%
AT&T INC	T	Comm Srvcs	204,529	3.0%	2.7%	0.7%	66	51	68	76	81	34	62.10	29.1%
AMGEN INC	AMGN	Health Care	156,137	15.6%	13.4%	2.3%	68	77	91	85	71	71	60.78	13.8%
LAM RESEARCH CORP	LRCX	IT	131,526	22.2%	7.1%	0.8%	69	85	96	88	61	91	49.76	44.1%
KLA CORP	KLAC	IT	117,250	27.8%	10.0%	1.5%	67	86	98	94	62	94	50.03	41.8%
ALTRIA GROUP INC	MO	Consumer Staples	111,629	41.9%	2.2%	0.7%	74	98	97	88	18	71	43.06	31.0%
CME GROUP INC	CME	Financials	97,685	24.0%	6.6%	1.2%	75	96	85	86	3	84	43.34	18.0%
DELL TECHNOLOGIES INC	DELL	IT	89,466	4.6%	1.9%	0.4%	77	84	92	90	58	64	66.99	15.4%
GENERAL DYNAMICS CORP	GD	Industrials	87,611	2.2%	0.1%	0.2%	74	84	67	67	7	62	35.04	24.0%
MCKESSON CORP	MCK	Health Care	85,065	0.7%	0.2%	0.1%	90	88	80	80	21	51	40.69	19.7%
NEWMONT CORP	NEM	Materials	79,745	13.8%	37.0%	6.3%	85	75	89	96	71	44	53.39	95.9%
BANK OF NEW YORK MELLON CORP	BK	Financials	73,761	5.4%	6.6%	0.6%	70	78	82	85	53	56	55.08	38.1%
HILTON WORLDWIDE HOLDINGS	HLT	Consumer Discr	65,081	14.8%	0.9%	-0.0%	61	97	94	85	17	97	61.42	11.6%
TRAVELERS COS INC	TRV	Financials	61,491	23.2%	13.1%	3.3%	72	93	95	95	35	66	42.71	14.2%
CENCORA INC	COR	Health Care	56,250	0.5%	0.1%	0.0%	91	88	79	80	19	51	52.48	29.7%
CUMMINS INC	CMI	Industrials	55,050	5.4%	0.7%	0.3%	82	89	84	76	26	61	56.85	15.9%
IDEXX LABS INC	IDXX	Health Care	51,434	20.3%	1.8%	0.3%	60	96	96	89	25	99	44.05	55.2%
CORTEVA INC	CTVA	Materials	50,348	-7.2%	0.9%	0.5%	76	62	48	69	16	42	32.87	30.4%
BAKER HUGHES CO	BKR	Energy	43,843	-5.0%	1.0%	0.2%	78	57	51	76	36	30	40.21	10.0%
RESMED INC	RMD	Health Care	41,799	16.8%	4.5%	0.5%	74	98	94	90	13	90	55.05	25.4%
MONOLITHIC POWER SYSTEMS INC	MPWR	IT	40,739	18.2%	8.5%	1.9%	66	89	98	95	53	99	53.09	44.3%
HARTFORD INSURANCE GROUP INC	HIG	Financials	37,716	11.8%	2.6%	1.1%	83	91	84	87	18	51	52.55	22.4%
CARDINAL HEALTH INC	CAH	Health Care	35,250	0.6%	0.4%	0.0%	91	85	77	81	23	46	58.54	26.0%
STATE STREET CORP	STT	Financials	32,902	0.4%	5.7%	0.1%	72	53	67	69	74	28	57.46	20.3%
FOX CORP	FOXA	Comm Srvcs	26,509	8.1%	6.6%	4.2%	95	86	89	89	46	35	32.20	22.2%
STERIS PLC	STE	Health Care	24,597	-0.8%	1.1%	0.8%	71	81	62	73	3	66	46.48	21.5%
F5 INC	FFIV	IT	18,273	9.8%	3.7%	1.6%	83	97	89	85	9	79	38.97	25.5%
JACOBS SOLUTIONS INC	J	Industrials	17,717	1.4%	1.4%	1.0%	69	89	71	78	1	64	64.51	11.6%
WALGREENS BOOTS ALLIANCE INC	WBA	Consumer Staples	10,317	0.4%	1.2%	-0.0%	80	46	61	63	77	5	51.56	27.8%
Average			103,820	12.1%	5.1%	1.1%	75	83	83	83	34	64	50.49	27.0%

Figure 3: PRVit Heat Map



The firms are most concentrated in the upper left part of the PRVit Heat Map zone, 'Expensive but Worth It.'

*The HEAT map is the visual trade-off between **Quality and Valuation**: companies in the favorable (blue) area offer higher quality and/or cheaper valuation than those in the unfavorable (red) area. The y-axis is our measure of **Quality**, where the higher the score, the higher the company's **Quality or Risk-Adjusted Profitability** is. This is a composite score including **Level and Trend of Profitability (P1 and P2)** as well as **Volatility and Vulnerability (R1 and R2).** The x-axis is our measure of **Valuation,** which includes **Wealth Ratios** and **Wealth Multiples (V1 and V2)**. This axis is plotted in reverse, so the most expensive stocks (highest V scores) are to the left and the cheapest V scores are plotted to the right.*

Underperformers Screen – Attractive Underperformers with a Positive EVA Margin

In our seconds screen (**Figure 4**) we seek out firms from the underperformers list to identify companies that currently look attractive in the PRVit framework. The firms are returning above their costs of capital and have seen at least 1 quarter of recovery in EVA Momentum, which we then cap at 4 quarters. The idea is to avoid companies that are potentially closer to peaking in value creation. We also consider firms that have seen at least 2 quarters of deterioration in EVA Momentum, as these are firms the market should have already started to factor in further potential downside and equally are closer to potentially bottoming in value creation or destruction. We also avoid the top quintile of most expensively valued firms, adding some additional Valuation appeal to the list.

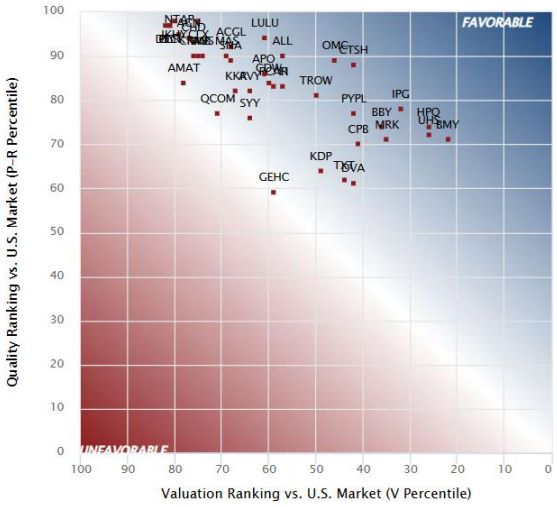
Screen Criteria:

- EVA Margin > 0%
- EVA Momentum Post Inflection Count >1 to ≤ 4 or ≤- 2
- PRVit ≥ 60 (Buy or Overweight)
- Quality ≥ 60
- Valuation ≤ 80

Figure 4: S&P 500 Attractive Underperformers

Name	Ticker	GICS Sector	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	EVA Shock (1 Qtr.)(%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	ESG Perf Score	Share Price Ytd (%)
MERCK & CO	MRK	Health Care	212,894	14.5%	-1.3%	-2	-0.9%	94	73	73	46	31	68.74	-12.9%
ACCENTURE PLC	ACN	IT	173,773	8.2%	-0.1%	3	0.5%	79	92	84	16	76	63.16	-26.1%
QUALCOMM INC	QCOM	IT	171,744	17.3%	3.6%	-2	-0.2%	74	73	85	68	72	59.57	4.8%
PROGRESSIVE CORP-OHIO	PGR	Financials	144,225	36.6%	20.9%	-4	-2.2%	66	96	99	32	77	51.96	4.7%
APPLIED MATERIALS INC	AMAT	IT	131,056	19.7%	1.0%	2	1.3%	79	83	94	64	78	58.08	2.0%
KKR & CO INC	KKR	Financials	124,804	62.7%	-1.0%	-6	-1.1%	65	80	95	74	67	33.87	-4.9%
BRISTOL-MYERS SQUIBB CO	BMY	Health Care	96,142	3.8%	0.4%	2	2.8%	97	69	68	43	18	61.48	-13.2%
APOLLO GLOBAL MGMT INC	APO	Financials	76,880	72.0%	11.1%	1	0.3%	75	83	100	75	62	45.46	-17.7%
FISERV INC	FI	Financials	75,098	6.4%	1.6%	2	0.8%	81	80	86	54	56	42.72	-32.9%
COLGATE-PALMOLIVE CO	CL	Consumer Staples	68,156	11.4%	0.2%	-4	-1.0%	64	95	86	7	78	57.12	-5.8%
PAYPAL HOLDINGS INC	PYPL	Financials	67,374	9.6%	1.5%	2	0.0%	83	75	91	77	48	43.23	-17.8%
ALLSTATE CORP	ALL	Financials	53,988	14.2%	10.4%	-4	-5.7%	79	88	97	56	51	52.89	6.4%
PACCAR INC	PCAR	Industrials	52,715	7.5%	-4.6%	-8	-0.9%	76	83	73	20	59	39.06	-2.7%
KIMBERLY-CLARK CORP	KMB	Consumer Staples	43,126	7.8%	-0.7%	1	0.0%	63	91	77	6	71	54.42	1.0%
KEURIG DR PEPPER INC	KDP	Consumer Staples	39,333	1.2%	-0.4%	-2	-0.1%	62	69	55	18	40	49.72	-7.0%
SYSCO CORP	SYY	Consumer Staples	38,191	1.7%	-0.1%	4	0.0%	60	78	69	25	59	50.20	6.2%
COGNIZANT TECH SOLUTIONS	CTSH	IT	35,052	6.1%	-0.2%	2	0.1%	95	88	75	10	42	66.89	-5.6%
ARCH CAPITAL GROUP LTD	ACGL	Financials	34,404	47.6%	-12.0%	-4	-7.7%	73	91	87	25	62	49.52	-1.6%
GE HEALTHCARE TECHNOLOGI INC	GEHC	Health Care	33,871	3.9%	-0.5%	-2	-0.1%	63	62	70	61	51	60.69	-5.1%
HP INC	HPQ	IT	25,449	2.7%	-0.5%	-4	-0.1%	91	68	63	34	28	72.44	-15.5%
LULULEMON ATHLETICA INC	LULU	Consumer Discr	24,268	14.7%	1.3%	-6	-0.5%	80	91	93	37	59	55.81	-47.0%
PRICE (T. ROWE) GROUP	TROW	Financials	23,890	19.7%	0.0%	-3	-0.4%	85	82	76	30	49	47.36	-1.8%
CORPAY INC	CPAY	Financials	23,211	19.8%	2.4%	2	3.1%	73	88	91	45	75	21.32	-3.9%
CHURCH & DWIGHT INC	CHD	Consumer Staples	22,646	7.2%	-0.3%	-2	-0.2%	66	92	76	1	71	52.75	-10.9%
NETAPP INC	NTAP	IT	21,962	15.8%	0.9%	-3	-1.0%	73	92	92	34	80	53.80	-4.4%
CDW CORP	CDW	IT	21,577	2.7%	-0.2%	4	0.2%	81	81	71	21	57	53.48	-4.2%
SNAP-ON INC	SNA	Industrials	17,372	9.3%	-0.8%	1	0.1%	79	90	73	2	65	42.32	-1.0%
DECKERS OUTDOOR CORP	DECK	Consumer Discr	16,888	17.1%	3.5%	-4	-1.1%	67	95	98	34	78	49.83	-44.0%
BEST BUY CO INC	BBY	Consumer Discr	15,570	1.6%	-0.1%	-2	-0.0%	84	72	66	32	34	60.51	-11.9%
MASCO CORP	MAS	Industrials	15,563	6.4%	-0.0%	1	0.3%	76	89	76	9	68	38.77	3.6%
OMNICOM GROUP INC	OMC	Comm Srvcs	15,128	6.8%	-0.2%	4	0.3%	93	87	78	20	43	46.13	-7.8%
TEXTRON INC	TXT	Industrials	14,643	2.2%	-1.3%	-3	-0.6%	72	64	60	38	41	39.27	6.5%
CLOROX CO/DE	CLX	Consumer Staples	14,456	8.7%	1.2%	1	1.2%	74	96	92	15	71	55.16	-25.3%
AVERY DENNISON CORP	AVY	Materials	13,520	3.8%	-0.1%	-3	-0.1%	78	80	67	18	58	54.49	-6.5%
HENRY (JACK) & ASSOCIATES	JKHY	Financials	11,812	12.5%	1.1%	2	0.9%	85	97	89	4	79	37.92	-6.9%
UNIVERSAL HEALTH SVCS INC	UHS	Health Care	11,652	3.7%	1.7%	-2	-0.3%	94	70	77	59	22	53.10	1.4%
DAVITA INC	DVA	Health Care	10,296	2.9%	0.5%	1	0.1%	79	60	69	62	35	59.94	-7.3%
SMITH (A.O.)	AOS	Industrials	10,169	9.9%	-1.4%	-7	-0.2%	73	91	77	4	74	37.39	7.6%
INTERPUBLIC GROUP OF COS	IPG	Comm Srvcs	9,787	4.4%	-1.6%	1	0.5%	94	77	68	25	28	55.45	-2.3%
CAMPBELL'S CO (THE)	CPB	Consumer Staples	9,533	3.9%	-1.4%	-2	-0.6%	74	74	61	19	35	54.78	-20.9%
Average			50,555	13.2%	0.9%		-0.3%	77	82	79	33	56	51.27	-8.3%

Figure 5: PRVit Heat Map



The firms are spread across our PRVit Heat Map, from the upper left 'Expensive but Worth It' zone to the upper right 'High Quality & Cheap' zone.

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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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