

2018 Fortuna Buyback ROI Report

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Fortuna Advisors introduced Buyback ROI on June 3, 2011 in an article published on [CFO.com](#) titled “[What’s Your Return on Buybacks?](#)” For the first time, investors and corporate observers could look clearly past the overly simplistic and often misleading Earnings Per Share (EPS) accretion assessment and determine if remaining shareholders benefit from a buyback. At the time of the publication, the prevailing thought was that EPS accretion was generally good and therefore so were buybacks, especially as a tax-efficient way to return capital to shareholders. Elements of this perspective are still quite common today, but the timing of buybacks and their excessive use relative to investing in the business has attracted much attention.

This is partly because market participants, on the whole, recognize that not all EPS growth is created equal. Our research shows that, on average, the EPS growth that comes from reducing the number of shares outstanding is worth significantly less than the EPS growth resulting from revenue growth and operating improvements. So short-term EPS accretion alone is not enough to drive share prices higher. We believe that this [finding](#) diminishes part of the allure associated with buybacks and emphasizes the need to evaluate buybacks using a consistent return-based framework, just like any other resource allocation.

The allocation of resources is one of the most important responsibilities of executive management and the board of directors. Managements’ consider the return on investment when evaluating and prioritizing capital deployment alternatives to fund capital expenditures, research & development, major marketing expenditures and acquisitions. Buyback ROI is a consistent measure to allow a management team to evaluate buybacks against these other uses of capital, and only pursue buybacks when they are the best use of capital.

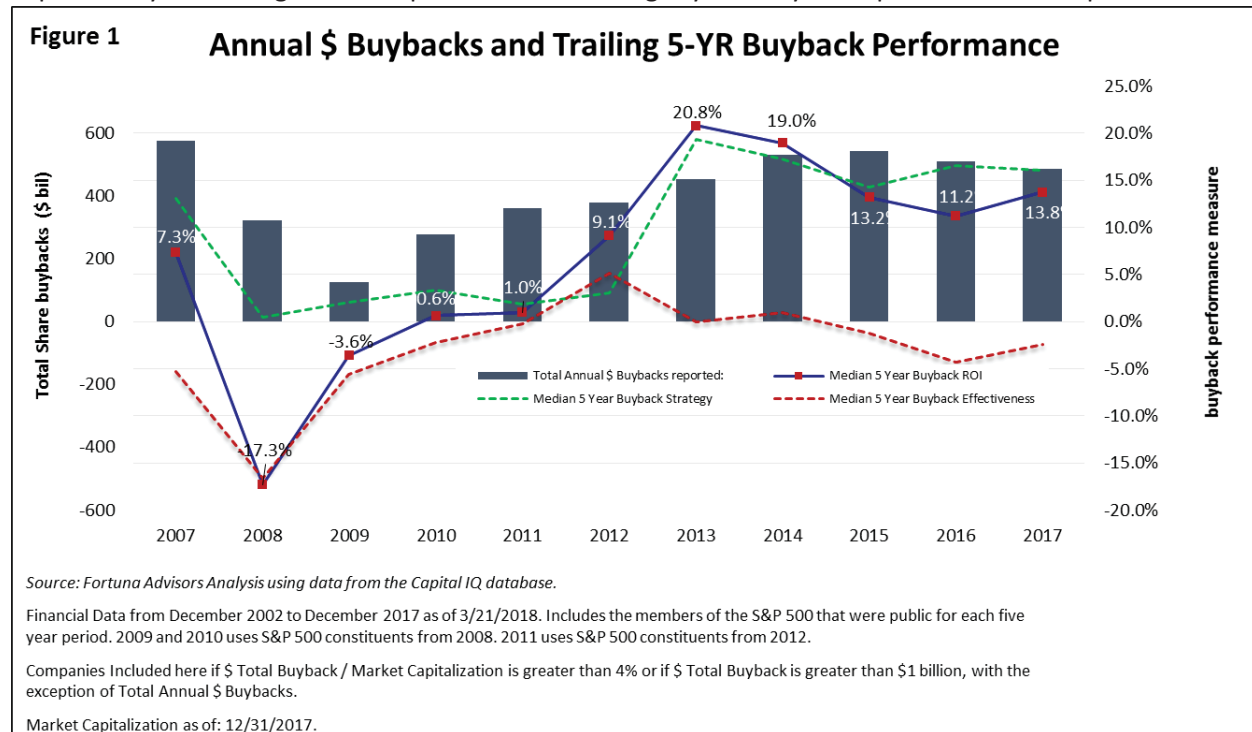
If a management team spends \$1 billion to acquire another company, and a year later the acquired company has meaningfully increased in value, they have delivered a strong return on investment to investors. In exactly the same way, if management deploys \$1 billion to repurchase their own stock, and a year later the acquired shares have meaningfully increased in value, they also have delivered a strong return on investment to investors. But if management buys back shares at a peak and then the value of the shares decline, well then shareholders would have been much better off if management waited and bought back more shares at the lower price. It doesn’t feel good to own shares valued at \$20 a share when you know others had their shares acquired at \$30, using your money. This has now been quantified as Buyback ROI.

Last year [Fortune Magazine featured our Buyback ROI ranking](#) for the first time and we are grateful that they have decided to do so again in 2018. In this report, we provide the full ranking along with a more in-depth discussion of the findings and how managements can use Buyback ROI to make better capital deployment decisions.

For those new to Buyback ROI, you can familiarize yourself with the methodology by reading [Appendix I – About Buyback ROI](#) before reading the main report, and for those interested in the details of the Buyback ROI calculation, please read [Appendix II – The Buyback ROI Calculation](#).

Commentary on the 2018 Ranking

Over the 5-year period through December 2017, the 353 ranked companies delivered median Buyback ROI of 13.8%, up from 11.2% last year. This was the first up-tick after three years of decline in Buyback ROI from the peak of 20.8% realized over the 5 years ending in 2013. Median Buyback Strategy was a strong 16.1%, indicating buybacks were generally a very good idea for many of these companies, but weighing on this was a median Buyback Effectiveness of negative 2.5% resulting from generally poor buyback timing (most companies buy more stock when its expensive than when it's not), though this was better than the negative 4.3% recorded last year. Fully 75% of companies in the ranking have negative Buyback Effectiveness, down from 83% last year. This improvement in the timing of buybacks could be explained by the stronger market performance and slightly less buyback spend in 2017 compared to 2016.



In total, S&P 500 companies repurchased a whopping \$2.5 trillion over the five years. This is 64% more than what was distributed as dividends. Total buybacks and dividends were \$4.0 trillion which is 106% of net income over the period and 35% of companies deployed more than 100% of net income into buybacks and dividends. Many experts claim corporate America is underinvesting in the future and these figures suggest that this may be because of an infatuation with distributing cash as dividends and buybacks that is crowding out investments.

By sorting companies into high, medium, and low groups based on their buybacks over the five years as a percent of recent market capitalization, we can measure if companies doing more or less buybacks have better median Buyback ROI. The High buyback group had the lowest median Buyback ROI, Buyback Strategy and Buyback Effectiveness. This is not great news for investors (and their management teams), especially those advocating for heavy buybacks.

Figure 2 High, Medium and Low Groups on Total Buyback \$ / Current Market Capitalization

\$buyback % of Market Cap Grouping	\$ Total Buyback / Market Cap	Median Buyback ROI	Median Buyback Strategy	Median Buyback Effectiveness	Median % ΔEarnings	Median % ΔEPS	Median % ΔShare Count
High	24.2%	8.1%	13.4%	-3.8%	-1.2%	33.4%	-18.6%
Medium	11.8%	14.3%	18.7%	-2.6%	-13.8%	-4.7%	-9.0%
Low	6.8%	15.9%	17.4%	-1.5%	53.5%	50.7%	-1.8%

Source: Fortuna Advisors Analysis using data from the Capital IQ database.
Financial Data from December 2012 to December 2017. Includes the 472 members of the current S&P 500 that were public for the full period.
Market Capitalization as of: 12/31/2017.

Due to share count reduction, the High buyback group delivered median EPS growth of 33.4% on a median net income decline of 1.2%. In [other research](#), we have found that the more that EPS growth comes from buybacks, the more that price-earnings multiples tend to decline. In fact, it appears that EPS growth from buybacks is only worth about half as much as EPS growth from operations.

Figure 3 Top Manufacturers of EPS (*)

	Company Name	Ticker	Industry	\$ Total Buyback / Market Cap	Buyback ROI	Buyback Strategy	Buyback Effectiveness	% Δ (Q4 '17 vs Q4 '12)		
								% ΔEarnings	% ΔEPS	% ΔShare Count
1	VeriSign, Inc.	VRSN	Software and Services	34.1%	23.0%	21.8%	1.0%	(2.7%)	52.9%	(36.3%)
2	CF Industries Holdings, Inc.	CF	Materials	39.3%	(2.6%)	0.7%	(3.3%)	(1.2%)	33.4%	(25.9%)
3	IDEX Laboratories, Inc.	IDXX	Healthcare Equipment and Services	14.6%	32.6%	27.2%	4.2%	(11.8%)	10.4%	(20.0%)
4	W.W. Grainger, Inc.	GWV	Capital Goods	27.9%	(1.8%)	2.7%	(4.5%)	(3.3%)	20.1%	(19.5%)
5	Humana Inc.	HUM	Healthcare Equipment and Services	15.2%	24.9%	29.7%	(3.7%)	(4.2%)	10.1%	(13.0%)
6	ANSYS, Inc.	ANSS	Software and Services	10.9%	23.0%	15.7%	6.3%	(6.2%)	3.9%	(9.8%)

* Manufacturers of EPS considers S&P threshold companies with low (negative) Earnings Growth but high reduction in share count to generate positive EPS Growth.
** EPS calculation = Quarterly Reported Net Income / Actual Quarter's Reported Total Shares Outstanding.
Source: Fortuna Advisors Analysis using data from the Capital IQ database.
Financial Data from December 2012 to December 2017. Includes the 472 members of the current S&P 500 that were public for the full period.
Market Capitalization as of: 12/31/2017.

Six companies generated positive EPS growth over the full five years despite declining net income, down from 14 companies last year. We refer to these companies as the Top Manufacturers of EPS. In contrast to last year, four of the six had strong Buyback ROI and three had positive Buyback Effectiveness this year. Typically the Manufacturers of EPS have weaker shareholder performance.

Capital Deployment Policy and Rules-Based Buyback Strategies

By measuring performance, Buyback ROI and its associated measures are intended to help bring a greater amount of rigor and accountability to share repurchase strategy and decision-making. Most importantly, a focus on these measures help to bring greater attention and consideration to the impact that the quantity and timing of share repurchases has on value creation for the remaining shareholders. A value based perspective is especially important in today's climate where shorter-term investor and media pressures may prevail and lead management to buyback too much stock or to emphasize buybacks at precisely the wrong time.

While Buyback ROI can be used to measure past performance, it is also very useful when informing future decisions and policy. We often suggest performing the same prospective break-even and scenario analysis

done for other capital deployment decisions. For example, what sort of future share price performance (and dividend yield) will generate a return in-line with other capital deployment hurdles? Given our expectations for earnings or EBITDA growth, what valuation multiple is required to deliver decent Buyback ROI? Given the company's historical range of valuation multiples, what is the probability that current buybacks will deliver high Buyback ROI when we look back in a few years?

The timing and way in which repurchase programs are executed (over the long term) is also critical. Specifying rules related to company valuation, market or industry conditions, and future liquidity needs may be very helpful. For example, should dollar-cost averaging be employed to minimize poor repurchase timing? Alternatively, is it best to focus on opportunistic or tactical repurchases when share prices are below a predetermined valuation threshold? Do current lofty market conditions suggest less upside in the market or industry? Do future investment opportunities, economic conditions, or long-term company strategies indicate a greater need for future liquidity?

We believe that a consideration of these items and a meaningful effort to quantify future performance, especially in light of past performance, may help to better formalize a share repurchase strategy. A well-thought-out strategy will help a company take advantage of, versus fall victim to, the mood swings of the market.

Evaluating Buybacks in Advance (A Case Study)

Executives often struggle with the usefulness of past Buyback ROI's in evaluating a forward-looking application¹. Buyback evaluation (or the lack thereof) is often disconnected from the rigorous analysis often associated with other forms of capital deployment. What's the alternative?

Until now, the best one could do was to suggest to execute buybacks in advance of share price increases. A higher future share price will help drive a higher ROI. But who doesn't think their stock is cheap? Most executives believe their stock is undervalued and will rise in the future, so we need a more rules-based process for evaluating buyback timing in order to deliver a desirable Buyback ROI.

We suggest that managers first perform a sanity check: (1) solve for the future earnings and multiple expansion scenario(s) necessary to deliver various levels of share price performance and subsequent Buyback ROI and (2) compare this performance to the past to get a sense of how likely it is that the company will achieve strong Buyback ROI.

To illustrate this exercise, consider Alaska Air Group (ALK), a company that delivered near median Buyback ROI of 11.5% over the last five years, stemming from strong share price performance indicated by a Buyback Strategy of 30.0%, but less than ideal buyback timing as shown by Buyback Effectiveness of negative 14.2%. If you assume that the company maintains its current dividend yield of 2.1%, its share price would need to grow by 7.9% per year to achieve a 10% Buyback ROI (10%-2.1%, Buyback ROI incorporates the benefits of forgone dividends). This suggests a share price of \$87 five years from now, versus a current share price of \$60.

¹ Based in part on "How to Tell Good Buybacks from Bad Ones", Greg Milano and Joseph Theriault, May 5, 2017, CFO.com

The consensus of the brokerage analysts that follow ALK is that it will deliver \$5.61 of EPS over the next twelve months and 11.4% EPS growth over the long term. Compounding this growth rate until year five suggests a future EPS of about \$8.65. The implied PE multiple in year five would be the share price of \$87 divided by the EPS \$8.65, or 10.1x.

For Alaska Air, a 10.1x multiple is lower than 67% of the historical observations over the last decade. The past is not always a good indicator of the future, but if Alaska Air's future valuations are at all like the past, this would suggest that buybacks are likely to deliver at least a 10% Buyback ROI to Alaska Air's shareholders – although, of course, this will depend on the timing of buybacks. Alaska Air management will need to do a better job of timing buybacks in the future than they did in the past.

There are other companies where there appears to be a lower likelihood of achieving a strong future Buyback ROI. One such company is Host Hotels & Resorts (HST), which exhibits a relatively high current PE multiple, versus the company's past, and a modest consensus long term EPS growth rate. To achieve a Buyback ROI of 10%, the implied year five PE multiple is at the 61st percentile against its past. It seems much less likely that Host Hotels & Resorts can achieve a 10% Buyback ROI than Alaska Air. It is important to note, though, that historically Host Hotels & Resorts has had a positive Buyback Effectiveness, so if they time their buybacks well, they may be able to deliver a higher Buyback ROI.

Additional facets of the analysis can be added. For example, the analysis can also be done in reverse. Using Alaska Air's historical median PE multiple would imply a 12.3% Buyback ROI instead of the 10% that we solved for. A similar analysis for Host Hotels & Resorts implies a Buyback ROI of 4.5% - less than half that of Alaska Air.

Variations of this exercise can be used to formulate a rules-based buyback framework that relies on a combination of important factors (company price multiples, earnings growth, probability of future multiple expansion, future cash needs and alternative uses, market valuations and trends, etc.). Such a framework will help increase the likelihood of a high buyback ROI by:

- (1) Providing a return-based focus for buybacks, and
- (2) Helping to improve timing.

Appendix I - About Buyback ROI

Buybacks can be an important tool in the corporate finance toolbox, but unfortunately the buyback strategies and tactics employed by most US companies tend to be misaligned with shareholder value. Academic studies point to the benefits of buybacks based on share price reaction to announcement, often placing less emphasis on long-term performance. In our work, however, we find that companies that dedicate a greater proportion of cash earnings to share repurchases on average experience [lower total shareholder returns \(TSR\)](#), [contracting or lower multiple expansion](#), and poor timing. These findings are evidenced across the market broadly, as well as at the [industry](#) level.

Poor market timing is what often separates worthwhile buyback programs from those that detract from shareholder value. The S&P 500 constituents tend to buy back more shares when market valuations are high *and*, even independent from this, when individual company valuations are relatively high.² S&P 500 companies in aggregate repurchased over \$500 billion in 2007 and a fraction of that in 2009. Again in 2014-17, constituents repurchased over \$500 billion per year³, arguably when valuations are high. This timing problem stems from the commonly promoted (or assumed) “pecking order” strategy that prioritizes investments and dividends, and allocates the residual capital to buybacks. Stock prices tend to be higher when company performance is strong and residual capital is greater. As a result, selling shareholders benefit from peak pricing at the expense of those that stick around.

With such large amounts of cash being spent on repurchases⁴, one may ask if this form of distribution is really in the best interest of shareholders, especially with the market so high today. Do management teams and boards of directors perform or expect the same level of rigor, planning, and review of share repurchase policies and decisions as they do for other forms of capital deployment such as capital expenditures and acquisitions? Are there other motivations and forces at play such as EPS targeting, overly conservative hurdles for other investments, or investor short-termism? We believe that companies would do well to develop a buyback measurement and review process within a rigorous capital deployment policy framework. To assist with this, we developed Buyback ROI and its associated metrics in order to measure the return and timing of repurchases. We detail each of their calculations in Appendix II below.

Further Reading on Buyback ROI:

1. ["How to Tell Good Buybacks from Bad Ones," CFO.com, Gregory V. Milano and Joseph Theriault](#)
2. ["Stock Buybacks: Buy High and Sell Low," Fortune, Scott Cendrowski](#)
3. ["What's Your Return on Buybacks," CFO.com, Gregory V. Milano](#)
4. ["How to Make Hay Out of Buybacks," CFO.com, Gregory V. Milano](#)
5. ["Why to Choose Growth Over Buybacks," CFO.com, Gregory V. Milano and John R Cryan](#)
6. ["Advocates Overrating the Benefits of Buybacks," CFO.com, Gregory V. Milano and John R. Cryan](#)
7. ["Are Buybacks The Best We Can Do?," Buona Fortuna!, Gregory V. Milano](#)

² Companies often buy above share price trend, see reinvestment effectiveness in Figure 1.

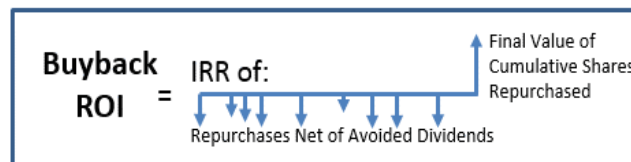
³ This study includes companies that were public for the full five years. Total buybacks for this group was \$485 billion in 2017, but the full S&P 500 repurchased over \$500 billion for the fourth year in a row.

⁴ And more than what's necessary to offset dilution – share counts have fallen by 8.8% over the past five years. See median % Δ Share Count at the top of the table included in Appendix III.

Appendix II - The Buyback ROI Calculation

Over a specified time period, an annualized internal rate of return (IRR) is calculated based on (1) the cash outflows associated with share repurchases, (2) the estimated cash “inflows” of avoided dividends, and (3) an estimated final “inflow” related to the final value of the accumulated number of shares repurchased. Figure 4 illustrates the metric's calculation.

Figure 4



The Buyback ROI ranking discussed below and published in FORTUNE Magazine is based on the most recent five years of buybacks although longer and shorter periods can also be used. All members of the S&P 500 are included if they deployed at least \$1 billion or at least 4% of the recent market capitalization to buy back shares over the period. As most companies don't disclose average buyback prices, quarterly buybacks are assumed to be executed at the average closing price for each day the market is open during the quarter. For consistency, the final value of the cumulative repurchased shares is set based on the average closing price for the final quarter of the analysis.

Two associated metrics reflect the timing impact of repurchases (Buyback Effectiveness), as well as a company's underlying share price performance (Buyback Strategy). See equation (a) in figure 2 below. Buyback Strategy is similar to total shareholder return, which reflects share price appreciation and dividends, but with the starting and ending share price again based on the average closing price of the quarter. Buyback Effectiveness is the compounded difference between Buyback ROI and Buyback Strategy. See equation (b) in Figure 5 below.

Figure 5

$$(1+ \text{Buyback ROI}) = (1+ \text{Buyback Strategy}) \times (1+ \text{Buyback Effectiveness}) \quad \dots\text{equation (a)}$$

$$(1+ \text{Buyback ROI}) / (1+ \text{Buyback Strategy}) = (1+ \text{Buyback Effectiveness}) \quad \dots\text{equation (b)}$$

When companies tend to buy more shares when the share price is below the longer term trend, Buyback Effectiveness is positive. When companies tend to buy more shares at higher prices, Buyback Effectiveness is negative.

Appendix III – 2017 Buyback ROI Ranking (Following pages)

All members of the S&P 500 are included if they deployed at least \$1 billion or at least 4% of the recent market capitalization to buy back shares over the period.

Appendix III - Complete Buyback ROI Ranking

Source: Fortuna Advisors Analysis using data from the Capital IQ database.

Financial Data from December 2012 to December 2017. Includes the 472 members of the current S&P 500 that were public for the full period.

Market Capitalization as of: 12/31/2017.

Companies Included here if \$ Total Buyback / CurrentMarket Capitalization is greater than 4% or if \$ Total Buyback is greater than \$1 billion.



Rank	Company Name	Ticker	Industry	Market Capitalization	\$ Total Buyback	\$ Total Buyback / Market Cap	Buyback ROI	Buyback Strategy	Buyback Effectiveness	% Δ (Q4 '17 vs Q4 '12)			Buyback ROI Ranking in 2017 Report	
										% ΔEarnings	% ΔEPS	% ΔShare Count		
				Average	\$55,375	\$7,040	15.5%	12.9%	16.5%	-3.2%	122.5%	109.8%	-4.4%	
				Median	\$25,210	\$3,180	11.8%	13.8%	16.1%	-2.5%	14.7%	25.0%	-8.8%	
1	NVIDIA Corporation	NVDA	Semiconductors and Semiconductor Equipment	\$117,261	\$3,936	3.4%	95.6%	76.8%	10.6%	543.2%	554.9%	-1.8%	1	
2	Applied Materials, Inc.	AMAT	Semiconductors and Semiconductor Equipment	\$54,000	\$5,368	9.9%	62.8%	40.4%	15.9%	297.1%	353.5%	-12.4%	8	
3	Constellation Brands, Inc.	STZ	Food, Beverage and Tobacco	\$44,684	\$1,396	3.1%	46.6%	44.5%	1.4%	348.5%	323.0%	6.0%	NA	
4	E*TRADE Financial Corporation	ETFC	Diversified Financials	\$13,205	\$864	6.5%	43.6%	39.9%	2.7%	NA	NA	NA	NA	
5	Lam Research Corporation	LRCX	Semiconductors and Semiconductor Equipment	\$29,809	\$3,301	11.1%	43.3%	42.5%	0.6%	-255.4%	-254.8%	0.4%	23	
6	Cadence Design Systems, Inc.	CDNS	Software and Services	\$11,808	\$1,667	14.1%	42.8%	27.3%	12.2%	-104.6%	-104.6%	0.2%	NA	
7	Activision Blizzard, Inc.	ATVI	Software and Services	\$47,876	\$6,008	\$54	39.6%	42.9%	-2.3%	-265.3%	-342.6%	-31.9%	9	
8	Micron Technology, Inc.	MU	Semiconductors and Semiconductor Equipment	\$47,548	\$1,113	2.3%	39.2%	48.7%	-6.3%	NA	NA	NA	297	
9	Best Buy Co., Inc.	BBY	Retailing	\$20,016	\$3,757	18.8%	38.1%	36.9%	0.9%	NA	NA	NA	29	
10	MSCI Inc.	MSCI	Diversified Financials	\$11,397	\$2,148	18.8%	37.7%	35.9%	1.4%	18.6%	59.3%	-25.5%	NA	
11	Facebook, Inc.	FB	Software and Services	\$512,759	\$1,976	0.4%	37.3%	49.7%	-8.3%	6570.3%	5369.7%	21.9%	NA	
12	Adobe Systems Incorporated	ADBE	Software and Services	\$86,383	\$4,500	5.2%	36.1%	38.1%	-1.5%	125.6%	129.9%	-1.9%	24	
13	Global Payments Inc.	GPN	Software and Services	\$15,952	\$1,411	8.8%	35.9%	35.8%	0.1%	244.8%	240.3%	1.3%	7	
14	The Boeing Company	BA	Capital Goods	\$175,642	\$30,790	17.5%	35.7%	33.4%	1.8%	220.2%	313.0%	-22.5%	202	
15	Electronic Arts Inc.	EA	Software and Services	\$32,351	\$2,329	7.2%	34.8%	51.9%	-11.3%	NA	NA	NA	2	
16	Huntington Ingalls Industries, Inc.	HII	Capital Goods	\$10,668	\$969	9.1%	34.6%	43.0%	-5.9%	28.0%	41.9%	-9.8%	NA	
17	UnitedHealth Group Incorporated	UNH	Healthcare Equipment and Services	\$213,641	\$11,158	5.2%	33.6%	33.2%	0.3%	190.8%	208.0%	-5.6%	18	
18	Northrop Grumman Corporation	NOC	Capital Goods	\$53,426	\$10,161	19.0%	33.3%	37.5%	-3.0%	-66.6%	-54.6%	-26.5%	4	
19	Intuitive Surgical, Inc.	ISRG	Healthcare Equipment and Services	\$40,891	\$4,609	11.3%	32.6%	16.5%	13.8%	-122.2%	-123.8%	-6.7%	105	
20	IDEXX Laboratories, Inc.	IDXX	Healthcare Equipment and Services	\$13,639	\$1,987	14.6%	32.6%	27.2%	4.2%	-11.8%	10.4%	-20.0%	16	
21	Autodesk, Inc.	ADSK	Software and Services	\$23,091	\$2,575	11.2%	32.5%	28.9%	2.8%	-332.9%	-338.7%	-2.4%	58	
22	Mettler-Toledo International Inc.	MTD	Pharmaceuticals, Biotechnology and Life Sciences	\$15,847	\$2,104	13.3%	32.2%	29.0%	2.5%	-26.4%	-12.5%	-15.9%	41	
23	Skyworks Solutions, Inc.	SKWS	Semiconductors and Semiconductor Equipment	\$17,446	\$1,924	11.0%	32.0%	37.9%	-4.3%	5.9%	11.6%	-5.1%	11	
24	Cintas Corporation	CTAS	Commercial and Professional Services	\$16,591	\$1,815	10.9%	31.8%	31.6%	0.1%	75.7%	102.1%	-13.1%	15	
25	A. O. Smith Corporation	AOS	Capital Goods	\$10,536	\$583	5.5%	30.7%	33.6%	-2.2%	NA	NA	NA	NA	
26	Aetna Inc.	AET	Healthcare Equipment and Services	\$58,838	\$6,800	11.6%	30.5%	33.1%	-1.9%	28.4%	28.8%	-0.3%	27	
27	Avery Dennison Corporation	AVY	Materials	\$10,112	\$1,095	10.8%	29.7%	30.2%	-0.4%	-221.6%	-238.1%	-11.9%	39	
28	Southwest Airlines Co.	LUV	Transportation	\$38,837	\$6,025	15.5%	29.5%	45.5%	-11.0%	2320.5%	2897.5%	-19.2%	6	
29	Texas Instruments Incorporated	TXN	Semiconductors and Semiconductor Equipment	\$102,932	\$13,128	12.8%	29.3%	30.6%	-1.0%	30.3%	46.7%	-11.2%	26	
30	CSX Corporation	CSX	Transportation	\$49,164	\$4,700	9.6%	29.3%	23.9%	4.3%	826.2%	977.0%	-14.0%	132	
31	ConocoPhillips	COP	Energy	\$65,622	\$3,145	4.8%	29.2%	1.4%	27.4%	10.7%	15.6%	-4.2%	302	
32	Microsoft Corporation	MSFT	Software and Services	\$659,906	\$56,164	8.5%	28.9%	27.4%	1.2%	-198.8%	-207.5%	-8.1%	40	
33	S&P Global Inc.	SPGI	Diversified Financials	\$43,197	\$4,438	10.3%	28.7%	27.6%	0.8%	NA	NA	NA	28	
34	Harris Corporation	HRS	Capital Goods	\$16,885	\$1,260	7.5%	28.5%	26.7%	1.4%	186.6%	168.2%	6.9%	35	
35	Raytheon Company	RTN	Capital Goods	\$54,305	\$3,924	7.2%	28.0%	30.2%	-1.7%	-16.2%	-5.2%	-11.6%	25	
36	Red Hat, Inc.	RHT	Software and Services	\$21,251	\$1,768	8.3%	28.0%	19.1%	7.4%	191.4%	218.1%	-8.4%	160	
37	Synopsys, Inc.	SNPS	Software and Services	\$12,676	\$1,493	11.8%	27.9%	21.8%	5.0%	-105.3%	-105.5%	-3.3%	72	
38	Marriott International, Inc.	MAR	Consumer Services	\$49,485	\$7,843	15.8%	27.8%	29.1%	-1.0%	11.0%	-2.8%	14.3%	118	
39	Lockheed Martin Corporation	LMT	Capital Goods	\$92,056	\$8,569	9.3%	27.8%	32.1%	-3.3%	-212.8%	-226.3%	-10.7%	17	
40	Edwards Lifesciences Corporation	EW	Healthcare Equipment and Services	\$23,852	\$2,504	10.5%	27.7%	19.6%	6.8%	-103.1%	-103.3%	-8.1%	14	
41	United Rentals, Inc.	URI	Capital Goods	\$14,539	\$2,101	14.5%	27.5%	30.8%	-2.5%	2087.8%	2330.1%	-10.0%	175	
42	Darden Restaurants, Inc.	DRI	Consumer Services	\$11,875	\$1,107	9.3%	27.3%	17.3%	8.5%	152.1%	163.4%	-4.3%	38	
43	Stanley Black & Decker, Inc.	SWK	Capital Goods	\$26,022	\$1,106	4.2%	26.7%	20.7%	5.0%	NA	NA	NA	94	
44	Cigna Corporation	CI	Healthcare Equipment and Services	\$50,072	\$6,150	12.3%	26.4%	31.0%	-3.6%	-34.5%	-22.7%	-15.2%	75	
45	PulteGroup, Inc.	PHM	Consumer Durables and Apparel	\$9,774	\$2,343	24.0%	26.3%	14.4%	10.4%	31.8%	78.4%	-26.1%	308	
46	Bank of America Corporation	BAC	Banks	\$307,912	\$25,195	8.2%	25.9%	24.0%	1.5%	244.3%	264.3%	-5.5%	103	
47	KLA-Tencor Corporation	KLAC	Semiconductors and Semiconductor Equipment	\$16,465	\$1,267	7.7%	25.7%	26.7%	-0.7%	-226.0%	-234.3%	-6.2%	63	
48	SBA Communications Corporation	SBAC	Real Estate	\$19,202	\$1,860	9.7%	25.7%	18.8%	5.8%	NA	NA	NA	NA	
49	The Progressive Corporation	PGR	Insurance	\$32,756	\$1,008	3.1%	25.7%	23.0%	2.1%	131.4%	139.6%	-3.5%	129	
50	Anthem, Inc.	ANTM	Healthcare Equipment and Services	\$57,774	\$7,683	13.3%	25.6%	31.5%	-4.5%	NA	NA	NA	97	
51	Regions Financial Corporation	RF	Banks	\$20,044	\$3,333	16.6%	25.1%	20.8%	3.6%	26.4%	59.1%	-20.6%	52	
52	Apple Inc.	AAPL	Technology Hardware and Equipment	\$860,882	\$173,880	20.2%	25.0%	17.5%	6.4%	53.4%	100.0%	-23.3%	125	
53	McDonald's Corporation	MCD	Consumer Services	\$137,212	\$26,932	19.6%	24.9%	17.3%	6.5%	-50.0%	-36.8%	-20.8%	200	
54	Humana Inc.	HUM	Healthcare Equipment and Services	\$34,625	\$5,274	15.2%	24.9%	29.7%	-3.7%	-4.2%	10.1%	-13.0%	36	