

3 Most Asked About Exhibits from our 2025 Year-Ahead Outlook

Below are the three most asked about exhibits from our 2025 Year-Ahead Outlook research. [CLICK HERE](#) to access the full report. If you have questions on these or any other topics related to the current investment landscape, please don't hesitate to reach out to us.

1. COMPANY-SPECIFIC RISK AND REPLICABILITY ARE KEYS

Where should a CIO allocate resources for alpha opportunity? If investors are good alpha generators, they should take huge positions in stocks (either long or short) with high Company-Specific Risk (CSR) and low replicability (below). By being right on these names, they will maximize their separation from the index. By replicability, we mean the number of stocks with a daily return correlation greater than 0.7 over the last year.

Mega / Large Cap. Stocks
High CSR and Low Replicability, As of End-December, 2024

Ticker	Company Name	Sector	Market Cap. (US \$Bn.)
WMT	Walmart Inc.	Consumer Staples	725.82
TMUS	T-Mobile US, Inc.	Communication Services	256.15
MRK	Merck & Co., Inc.	Health Care	251.65
ABT	Abbott Laboratories	Health Care	196.18
LMT	Lockheed Martin Corporation	Industrials	115.18
GILD	Gilead Sciences, Inc.	Health Care	115.12
BMJ	Bristol-Myers Squibb Company	Health Care	114.71
MCK	McKesson Corporation	Health Care	72.34
KR	The Kroger Co.	Consumer Staples	44.25
PCG	PG&E Corporation	Utilities	43.13

Source: Trivariate Research

2. WHAT WILL HAPPEN FIRST, S&P500 AT 10000 OR THE YEAR 2030?

We see the S&P500 nearing 10000 by 2030, driven by 8.6%/ year EPS growth. Below we show a range of price-to-forward earnings multiples (from 15x to 25x) on the y-axis and a range of per year earnings growth assumptions (from 5% to 15%) from now through 2031 on the x-axis. The cells that populate the table are the year-end 2030 S&P500 price, depending on

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the earnings growth and valuation assumptions. The black cells show assumptions that justify the S&P500 around 10000 by 2030. For instance, paying 23x a market that grows 9% per year, or 19x a market that grows 12% per year would both yield a 10000 S&P500 by the end of the decade.

Annual EPS Growth Assumptions

Year-End Price Targets Based on Multiples Applied to 2031 Earnings on Various Growth Assumptions

Price-to-Earnings	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
15x	5099	5449	5819	6211	6625	7062	7524	8012	8526	9068	9640
16x	5439	5812	6207	6625	7066	7533	8026	8546	9094	9673	10283
17x	5779	6176	6595	7039	7508	8004	8527	9080	9663	10277	10925
18x	6119	6539	6983	7453	7950	8475	9029	9614	10231	10882	11568
19x	6459	6902	7371	7867	8391	8945	9530	10148	10799	11486	12211
20x	6799	7266	7759	8281	8833	9416	10032	10682	11368	12091	12853
21x	7139	7629	8147	8695	9275	9887	10534	11216	11936	12696	13496
22x	7479	7992	8535	9109	9716	10358	11035	11750	12505	13300	14139
23x	7819	8355	8923	9523	10158	10829	11537	12284	13073	13905	14781
24x	8159	8719	9311	9937	10600	11299	12038	12818	13641	14509	15424
25x	8499	9082	9699	10351	11041	11770	12540	13353	14210	15114	16067

Source: Trivariate Research

3. CANDIDATES TO ANNOUNCE AN ADDITIONAL ASR PROGRAM

On average buybacks are not a good use of capital. Accelerated share repurchases (ASRs) are far better. Only 21 companies did an ASR in 2024, and we think far more should do it in 2025. Below we show companies which are candidates to announce another accelerated share repurchase program. These include companies with a 1-year industry relative return following the previous ASR announcement of 5% or greater, net debt-to-market cap. below 30%, and days since the last announcement is between the 25th and 75th percentiles.

Quantitatively Derived Candidates to Announce Another Accelerated Share Repurchase Program
As of End-December 2024

Ticker	Company Name	Sector	Last ASR Announcement Date	Years Since Last Announcement	Last ASR 1 Year Industry Relative Return	Market Cap. (US \$Bn.)
WEX	WEX Inc.	Financials	08/23/2022	2.4	7.5%	6.97
GWRE	Guidewire Software, Inc.	Information Technology	09/22/2022	2.3	24.6%	14.08
JBL	Jabil Inc.	Information Technology	09/27/2022	2.3	97.7%	16.24
AZEK	The AZEK Company Inc.	Industrials	05/10/2022	2.6	38.7%	6.79
AZTA	Azenta, Inc.	Health Care	11/14/2022	2.1	29.5%	2.28
RTX	RTX Corporation	Industrials	10/24/2023	1.2	18.4%	154.03
SPB	Spectrum Brands Holdings, Inc.	Consumer Staples	06/20/2023	1.5	22.1%	2.37
ATGE	Adtalem Global Education Inc.	Consumer Discretionary	03/15/2022	2.8	38.7%	3.41
CACI	CACI International Inc	Industrials	01/26/2023	1.9	8.0%	9.05
CEG	Constellation Energy Corporation	Utilities	02/16/2023	1.9	68.0%	69.97
CDNS	Cadence Design Systems, Inc.	Information Technology	06/21/2022	2.5	34.2%	82.41
EXE	Expand Energy Corporation	Energy	12/02/2021	3.1	9.1%	23.01
KLAC	KLA Corporation	Information Technology	06/16/2022	2.5	13.0%	84.28
HAE	Haemonetics Corporation	Health Care	08/10/2022	2.4	43.7%	3.92
WING	Wingstop Inc.	Consumer Discretionary	08/17/2023	1.4	106.0%	8.30
SNPS	Synopsys, Inc.	Information Technology	12/10/2021	3.1	39.6%	75.03
HALO	Halozyne Therapeutics, Inc.	Health Care	12/09/2021	3.1	118.7%	6.08

Source: Trivariate Research

Important Disclosures

Analyst Certification

The analysts, Adam Parker, Maxwell Arnold, Colin Cooney, Chang Ge and Ryan McGovern, responsible for the preparation of this research report certifies that: all the views expressed in this research report accurately reflect the research analyst's personal views.

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