

Zacks Earnings Certain Proxy: The Ultimate Core Equity Portfolio Strategy



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Disclosures



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The Zacks Earnings Certain Proxy is a collection of 60 of the highest quality companies across the entire US largecap equity market.



These companies exhibit highly durable business models capable of withstanding recessions, bear markets, and macroeconomic volatility, like the environment we're in right now.



This portfolio is optimized for four time-tested long-term value investing principles:

1. EPS Linearity
2. EPS Growth
3. Return on Invested Capital
4. Free Cash Flow Conversion



I continue to strongly believe this investment strategy should be at the core of every equity portfolio, because they are long-term compounders. This means they continuously create shareholder value, making them true buy & hold investments.

EPS Linearity Demonstrates Business Durability Through Various Macroeconomic Environments



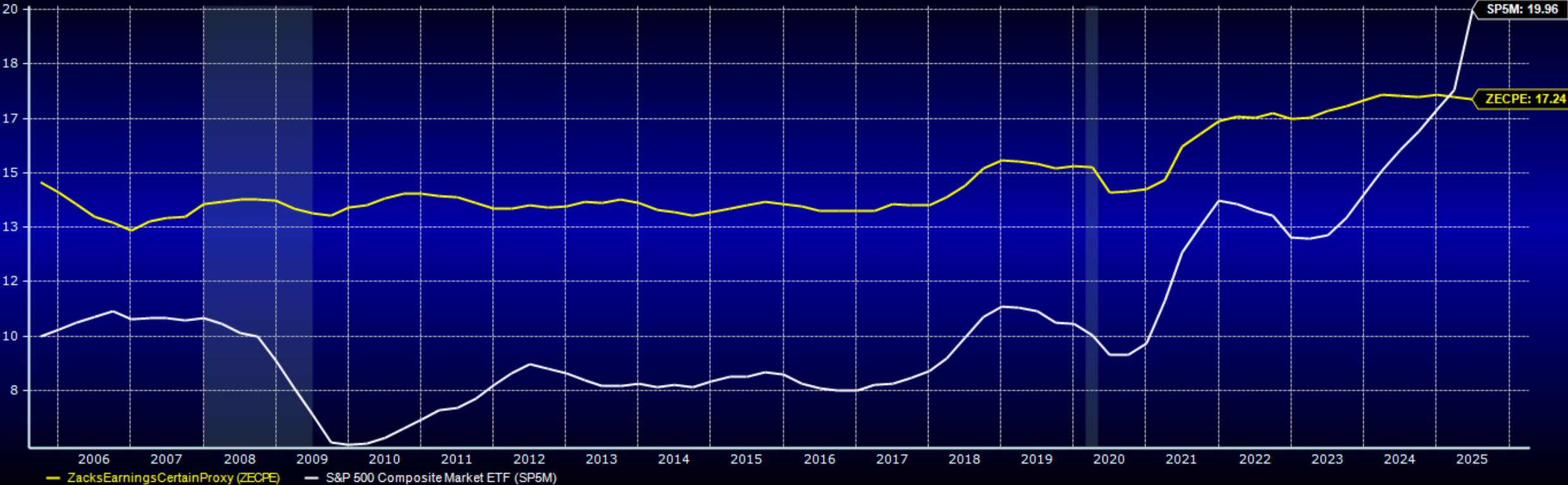
EPS Growth Demonstrates Superior Shareholder Value Creation vs the SPX



ROIC Demonstrates Superior Capital Efficiency

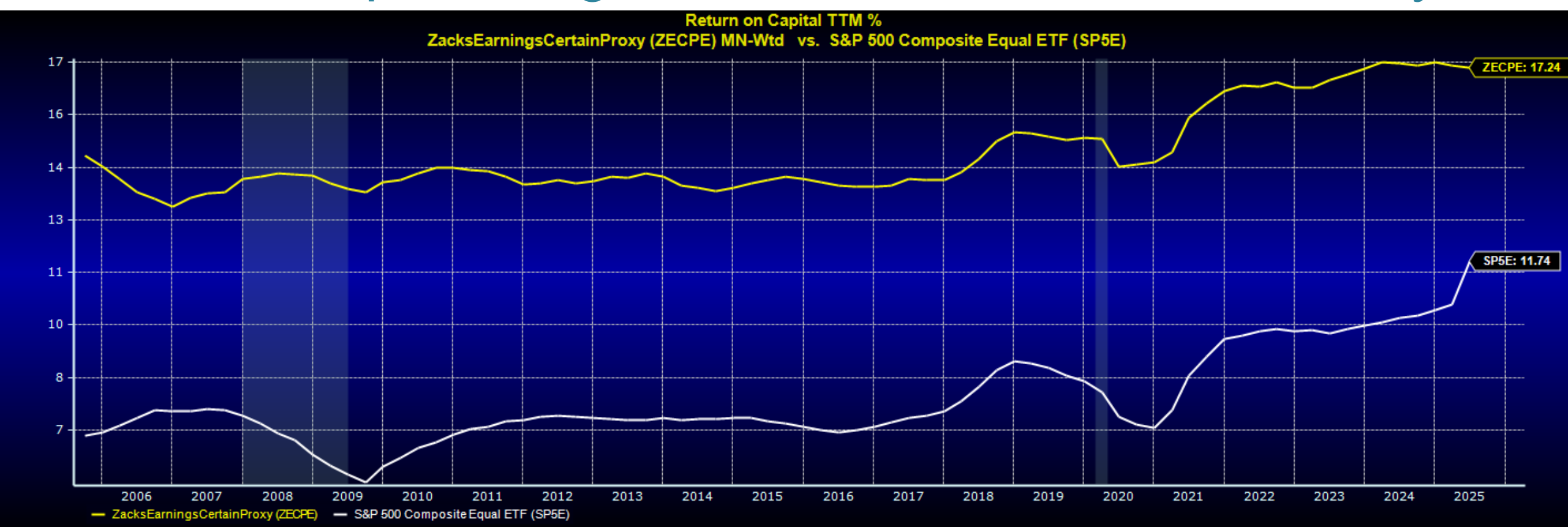


Return on Capital TTM %
ZacksEarningsCertainProxy (ZECPE) MN-Wtd vs. S&P 500 Composite Market ETF (SP5M)



Title	High	Low	Median	Current	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE)	17.38%	13.27%	14.19%	17.24%	09-30-2005	06-30-2025
S&P 500 Composite Market ETF (SP5M)	19.96%	6.79%	9.69%	19.96%	09-30-2005	06-30-2025

ROIC vs Equal-Weighted SPX Tells a Different Story

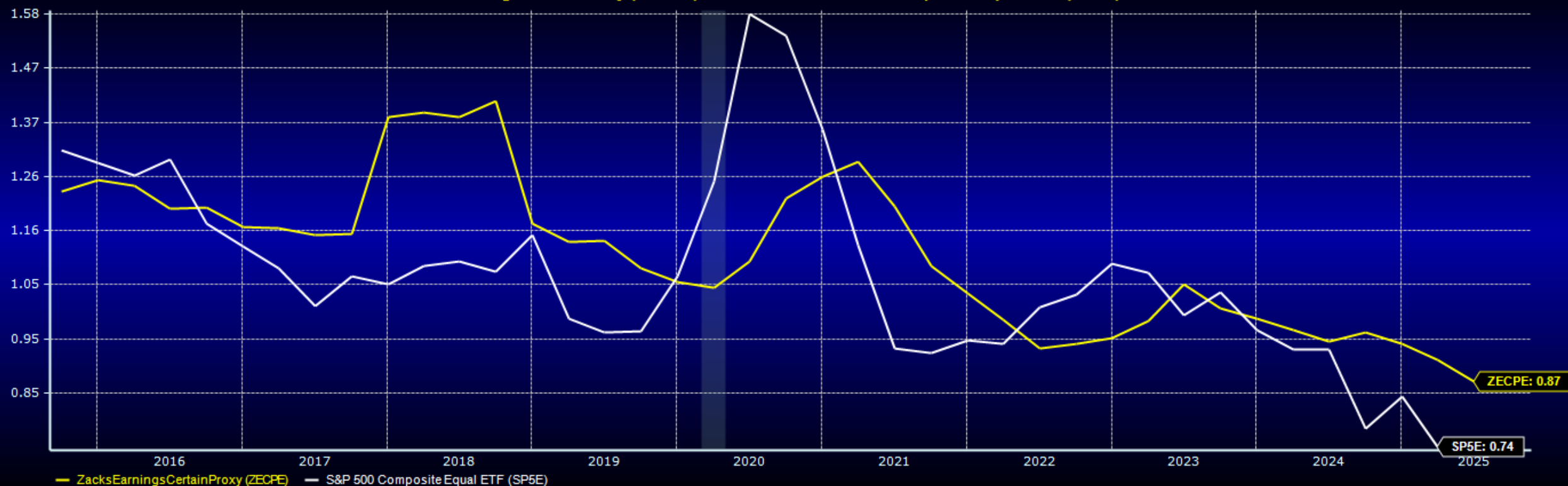


Title	High	Low	Median	Current	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE)	17.38%	13.27%	14.19%	17.24%	09-30-2005	06-30-2025
S&P 500 Composite Equal ETF (SP5E)	11.74%	5.46%	7.29%	11.74%	09-30-2005	06-30-2025

Superior Free Cash Flow Conversion



FCF / Net Income
ZacksEarningsCertainProxy (ZECPE) MN-Wtd vs. S&P 500 Composite Equal ETF (SP5E)



Title	High	Low	Median	Current	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE)	1.41	0.87	1.12	0.87	09-30-2015	06-30-2025
S&P 500 Composite Equal ETF (SP5E)	1.58	0.74	1.07	0.74	09-30-2015	03-31-2025



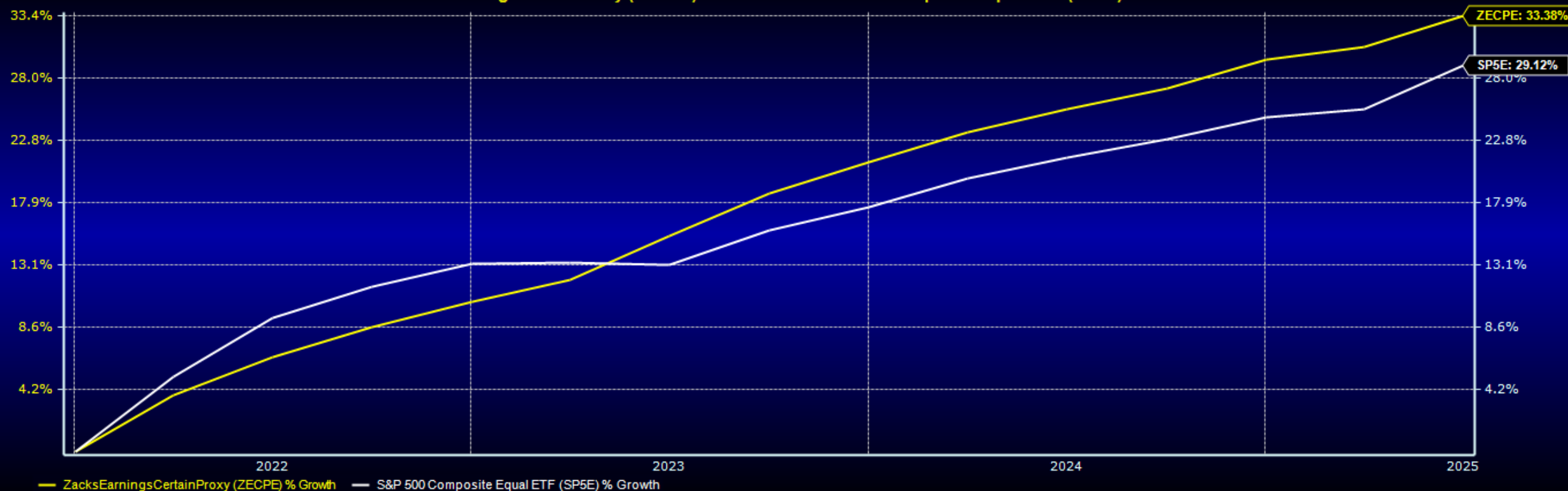
The primary driver of our strategy underperforming since 2023 has been multiple expansion.

On a pure earnings growth basis, Zacks ECP has significantly outpaced even the market cap-weighted SPX.

Zacks ECP Superior Recent Earnings Growth

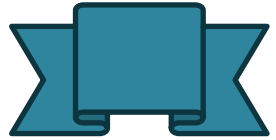


EPS BNRI
ZacksEarningsCertainProxy (ZECPE) MN-Wtd vs. S&P 500 Composite Equal ETF (SP5E)

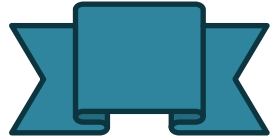


Title	High	Low	Median	Current	Start Date	End Date
S&P 500 Composite Equal ETF (SP5E) % Growth	29.12%	0.00%	14.60%	29.12%	12-31-2021	06-30-2025
ZacksEarningsCertainProxy (ZECPE) % Growth	33.38%	0.00%	17.00%	33.38%	12-31-2021	06-30-2025

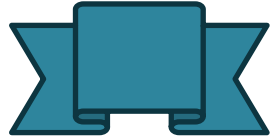
In summary, the Zacks ECP portfolio continues to show:



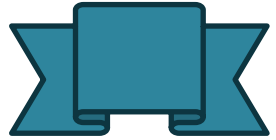
Superior earnings linearity, business durability



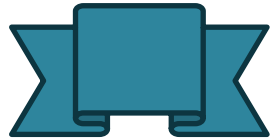
Superior earnings growth over both 20-year and 3-year periods



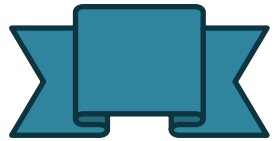
Superior returns on invested capital vs equal-weighted SPX



Superior free cash flow conversion



Superior (low) beta of 0.83



Superior (low) beta of 0.83

Zacks ECP Performance



Portfolio	YTD (6/30)	2024	2023	2022	2021	Inception*
ECP Core	3.85%	10.25%	11.60%	-8.70%	22.1%	12.30%
SPX	6.20%	24.89%	26.30%	-18.20%	28.70%	13.65%

* Annualized return since inception: 12/31/2012



The S&P 500's gains have come primarily from the top 10 components, and that too, primarily from multiple expansion.

Even though we have backed off the recession thesis approximately 9 months ago, the index now sits above 23x forward P/E. Relative to 10-year bond yields, this is a bottom decile equity risk premium over the past 50 years.

We do not think this is sustainable in the long-run.

Extreme Multiple Expansion Driving Majority of Index Outperformance vs ECP





Eventually, the source of the index's returns will rotate from multiple expansion to earnings growth.

When that occurs, we believe the Zacks ECP will return to outperformance.

Own Recession-Resistant, Durable Moat-Protected, Low Volatility, Steady Compounders



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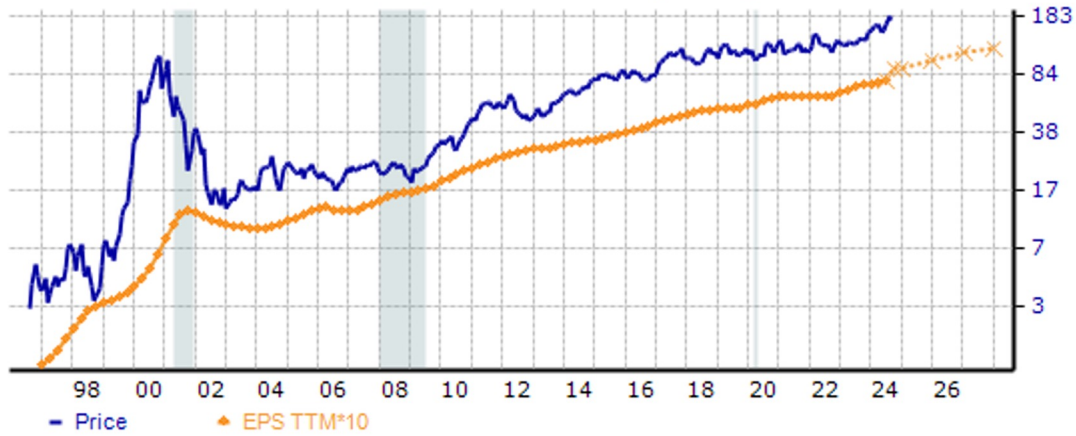
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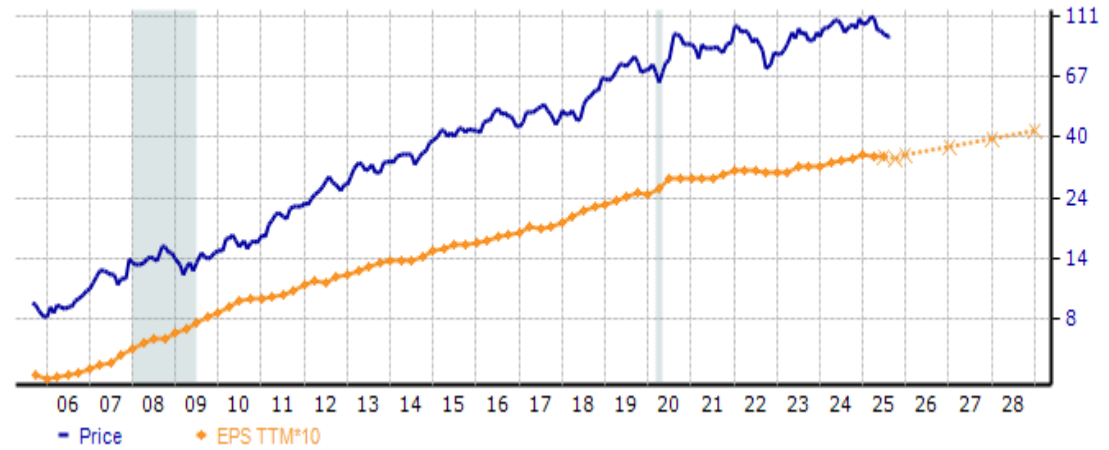
Price & Earnings
CHECK PT SOFTW (CHKP)

Price \$ | EPS*10



Price & Earnings
CHURCH & DWIGHT (CHD)

Price \$ | EPS*10



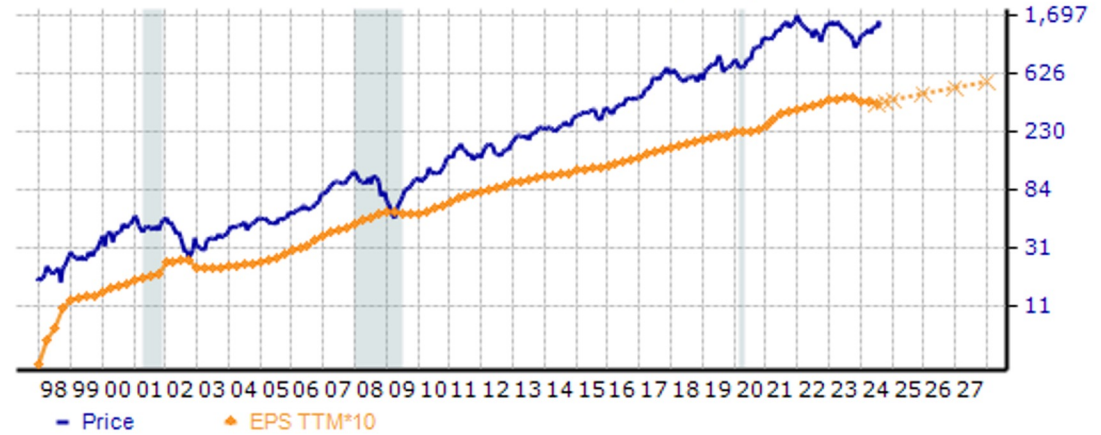
Price & Earnings
CENCORA INC

Price \$ | EPS*10



Price & Earnings
METTLER-TOLEDO (MTD)

Price \$ | EPS*10



Built for Long-Term Durability



Thank You for Attending!



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