Cognizant Technology (CTSH)

$85.77 (Stock Price as of 01/08/2026)

Price Target (6-12 Months): **$88.00**

Long Term: 6-12 Months	**Zacks Recommendation:**	**Neutral**
	(Since: 07/01/19)	
	Prior Recommendation: Underperform	
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM: A
	Value: B Growth: B	Momentum: D

Summary

Cognizant benefits from robust organic growth, particularly in Health Sciences and Financial Services. It expects fourth-quarter 2025 revenues between $5.27 billion and $5.33 billion, indicating growth of 3.8%-4.8% and an increase of 2.5%-3.5% on a cc basis. The acquisition of Belcan is bolstering CTSH's portfolio. An expanding clientele, driven by partnerships with companies like Pearson and Rubrik, is contributing to growth. CTSH's partnerships with leading AI firms like Anthropic and Google Gemini Enterprise are boosting its position in the AI ecosystem. However, the company is suffering from weak demand in the products and resources segment was due to tariff policy concerns and spending pressures. Macroeconomic uncertainties, muted discretionary spending, and ongoing cost optimization pressures across some sectors remain a concern.

Data Overview

52 Week High-Low	**$90.82 - $65.15**
20 Day Average Volume (sh)	**4,230,692**
Market Cap	**$41.4 B**
YTD Price Change	**3.3%**
Beta	**0.96**
Dividend / Div Yld	**$1.24 / 1.4%**
Industry	**Computers - IT Services**
Zacks Industry Rank	**Top 44% (108 out of 244)**

Last EPS Surprise	**7.8%**
Last Sales Surprise	**1.6%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**02/04/2026**
Earnings ESP	**0.0%**

P/E TTM	**16.7**
P/E F1	**16.3**
PEG F1	**1.6**
P/S TTM	**2.0**

Price, Consensus & Surprise[1]

Sales and EPS Growth Rates (Y/Y %)[1]
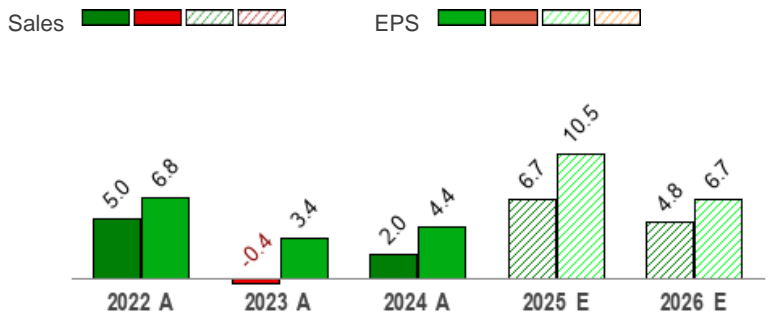
Sales Estimates (millions of $)[1]

	Q1	Q2	Q3	Q4	Annual*
2026	5,336 E	5,474 E	5,664 E	5,639 E	22,060 E
2025	5,115 A	5,245 A	5,415 A	5,307 E	21,057 E
2024	4,760 A	4,850 A	5,044 A	5,082 A	19,736 A

EPS Estimates[1]

	Q1	Q2	Q3	Q4	Annual*
2026	1.33 E	1.36 E	1.45 E	1.44 E	5.60 E
2025	1.23 A	1.31 A	1.39 A	1.32 E	5.25 E
2024	1.12 A	1.17 A	1.25 A	1.21 A	4.75 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/08/2026.
(2) The report's text and the price target are as of 12/16/2025.

Overview

Headquartered in Teaneck, NJ, Cognizant Technology Solutions Corporation is a leading professional services company. The company was spun off from Dun & Bradstreet in 1996 and went public in 1998.

Cognizant's services include digital services and solutions, consulting, application development, systems integration, application testing, application maintenance, infrastructure services, and business process services.

Cognizant reported revenues of $19.73 billion in 2024.

The company primarily serves four domains: Financial Services (Banking and Insurance), Health Sciences, Products & Resources (Manufacturing, Logistics, Energy & Utilities, Retail & Consumer Goods, Travel & Hospitality) and Communications, Media & Technology (Communications & Media and Technology).

In 2024, Financial Services accounted for 29% of revenues. Health Sciences, Products & Resources, Communications, Media & Technology accounted for 30%, 24.2% and 16.5% of revenues, respectively.

Geographically, North America contributed 74.4% of total revenues. Europe and Rest of World accounted 19% and 6.4% of total revenues, respectively. Europe comprises United Kingdom and Continental Europe, which contributed 9.2% and 9.7% of total revenues, respectively.

EPS Hist. and Est.

Sales Hist. and Est.

As of 01/08/2026

Total headcount at the end of the third quarter of 2025 was 349,800.

Cognizant faces significant competition from the likes of Accenture, Atos, Capgemini, Deloitte Digital, DXC Technology, EPAM Systems, Genpact, HCL Technologies, IBM Global Services, Infosys Technologies, Tata Consultancy Services, Wipro and numerous local providers.

As of 01/08/2026
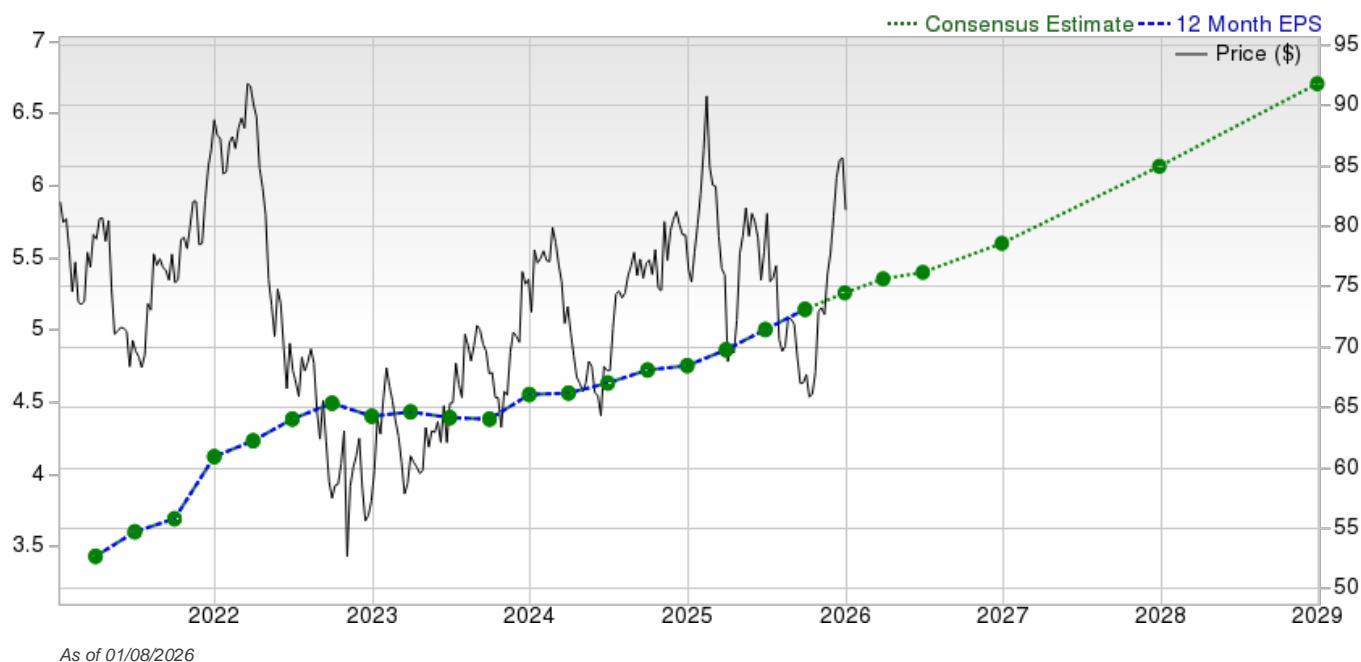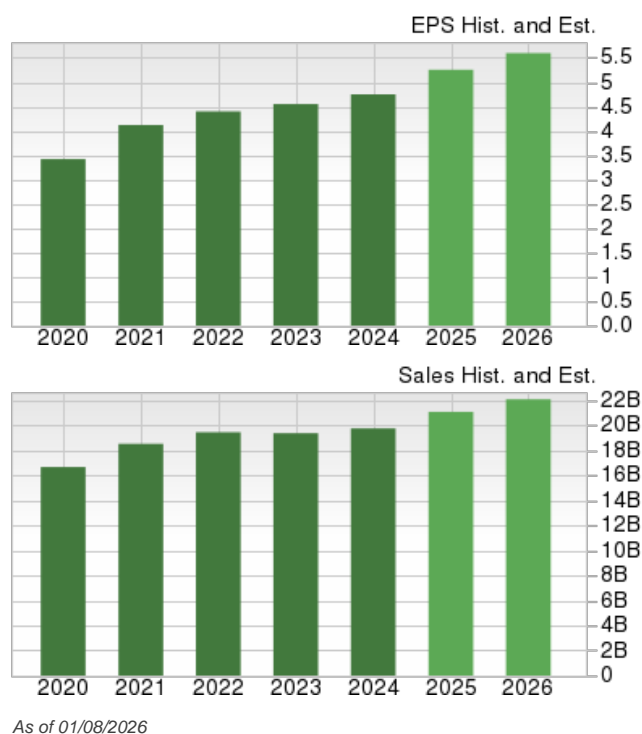
Reasons To Buy:

▲ Cognizant is consistently developing its capabilities to benefit from the ongoing digital transition, especially when it comes to the integration of the new digital framework with legacy technology platforms. The company's continuing investments to extend its digital capabilities, including the extensive training and re-skilling of its technical teams, have been a key catalyst. Cognizant is also expected to continue the expansion of its local workforce in the United States and other markets around the world. These efforts are expected to boost organic revenue growth. Moreover, increasing revenue contribution from the higher margin digital services and AI-enhanced services is expected to drive profitability in the long haul.

> Cognizant benefits from domain expertise, expanding clientele and accretive acquisitions that are strengthening its digital capabilities.

▲ Cognizant's growing exposure to fast-growing verticals like Financial Services and Healthcare has been a key catalyst. In the third quarter of 2025 revenues from Health Sciences increased by 5.9%, and Financial Services grew by 6.2% year over year. The company has gained deep industry expertise and knowledge of the domain through partnerships with top firms like NVIDIA and Microsoft. This strategy has enabled it to deliver more value to clients and capitalize on new opportunities. The new slate of domestic and international regulations, particularly in the financial services and healthcare industries, is a key catalyst.

▲ Acquisitions have strengthened Cognizant's digital capabilities and clientele. In the third quarter of 2025 acquisition of Belcan contributed approximately 250 basis points to revenue growth. Belcan's integration enhanced CTSH's presence in aerospace and defense and expanded its access to the Engineering Research & Development (ER&D) services market, projected to outpace legacy IT services. Additionally, acquisitions have also helped the company expand internationally.

▲ Cognizant is expected to continue to benefit from strong demand for high-quality, lower-cost technology services. Based on its global delivery model and expanding capacity in low-cost areas in India, Philippines and Latin America, the company remains well-positioned in the outsourcing market. Moreover, Cognizant's NextGen program and other operational efficiency initiatives are expected to enhance profitability by driving cost savings and improving margins.

▲ Cognizant has a solid balance sheet and generates steady cash flow. As of Sept. 30, 2025, the company had cash and short-term investments of $2.35 billion. Total debt as of Sept. 30, 2025, was $584 million. During the third quarter, cash flow from operating activities was $1.227 billion. Free cash flow was $1.16 billion. The strong liquidity helps it to continue its share repurchase program. In third quarter 2025, the company returned $600 million through share repurchases and dividends.

Reasons To Sell:

▼ Cognizant is exposed to significant geographic concentration risks. North America contributes most of the revenues. Hence, any slowdown in the region's economic environment will hurt the company's revenue growth. Moreover, Cognizant earns more than 31% of revenues from the financial services industry. The sluggish spending by customers for cost optimization negatively impacted the financial services segment's growth. As the trend is expected to continue in the near term, Cognizant's top-line growth is anticipated to suffer.

> Cognizant is exposed to significant geographic, domain concentration risks amid a stiff competition from peers.

▼ Competition is intense in the IT services industry. The company's direct competitors, including Infosys Technologies, Tata Consultancy Services and Wipro, utilized an integrated global delivery business model as opposed to the hybrid-model used by Cognizant. The company also competes with large IT service providers with greater resources, such as Accenture, HP Enterprise and IBM Global Services.

▼ Employees are the primary resource for a company like Cognizant. But there is significant competition for highly skilled and efficient personnel, so the company remains under pressure to raise wages and control the attrition rate. Though Cognizant is investing heavily to retain the best talent around the world, we think employee turnover remains a concern as the offshore staff continues to expand. Though the company has been taking initiatives to retain employees, its attrition rates are still higher than preferred.

Last Earnings Report

Cognizant Q3 Earnings Beat Estimates, Revenues Up Y/Y

Cognizant Technology Solutions reported non-GAAP earnings of $1.39 per share in the third quarter of 2025, which beat the Zacks Consensus Estimate by 7.75% and increased 11.2% year over year.

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 29, 2025
Sales Surprise	1.63%
EPS Surprise	7.75%
Quarterly EPS	1.39
Annual EPS (TTM)	5.14

Revenues of $5.42 billion beat the consensus mark by 1.63%. The top line increased 7.4% year over year and 6.5% at constant currency (cc). This growth was driven by strong performance in North America and organic growth across all segments. Acquisitions also contributed approximately 250 basis points to year-over-year revenue growth.

On a trailing 12-month basis, bookings increased 5% year over year to $27.5 billion, which represented a book-to-bill of approximately 1.3 times. Bookings in the third quarter declined 5% year over year. Third-quarter bookings included six large deals, with a total contract value of more than $100 million.

Cognizant had over 3,500 early Generative AI client engagements in the third quarter of 2025. This represents a 40% jump sequentially.

CTSH's Top-Line Details

Financial services revenues (29.1% of revenues) increased 6.2% year over year (up 5.4% at cc) to $1.578 billion. Growth is primarily driven by improved discretionary spending and investments in cloud, data modernization and AI.

Health Sciences revenues (29.6% of revenues) increased 5.9% year over year (up 5.1% at cc) to $1.604 billion. Growth is driven by strong demand across payer, provider and life sciences, which offsets some discretionary spending pressures.

Products and Resources revenues (25.5% of revenues) increased 12.6% year over year (up 11.4% at cc) to $1.383 billion.

Communications, Media and Technology revenues (15.7% of revenues) were $850 million, which increased 4.2% from the year-ago quarter (up 3.6% at cc).

Region-wise, revenues from North America increased 7.8% year over year and at cc and contributed 74.4% of total revenues.

Revenues from Europe increased 7.8% year over year (up 2.7% at cc) and contributed 19.2% to total revenues. Revenues from the U.K. increased 4.4% year over year (up 0.7% at cc). Continental Europe revenues increased 11.1% year over year (up 4.6% at cc).

The Rest of the World revenues increased 0.9% year over year (up 2.6% at cc) and contributed 6.4% to total revenues.

CTSH's Operating Details

Selling, general & administrative expenses, as a percentage of revenues, contracted 110 bps year over year to 15.4%.

Total headcount at the end of the third quarter was 349,800 compared with 343,800 in the prior quarter.

Voluntary attrition - Tech Services on a trailing 12-month basis was 14.5% in the third quarter of 2025, compared with 15.2% and 14.6% for the periods ended June 30, 2025, and Sept. 30, 2024, respectively

Cognizant reported a GAAP operating margin of 16%, expanding 140 bps on a year-over-year basis.

Non-GAAP operating margin (adjusted for NextGen charges) of 16% expanded 70 bps year over year.

CTSH's Balance Sheet

CTSH had cash and short-term investments of $2.35 billion as of Sept. 30, compared with $1.80 billion as of June 30, 2025.

As of Sept. 30, 2025, the company had a total debt of $584 million, down from $592 billion reported as of June 30.

The company generated $1.227 billion in cash from operations compared with $398 million in the previous quarter.

Free cash flow was $1.16 billion compared with $331 million reported in the prior quarter.

CTSH Initiates Strong Q4 & 2025 Guidance

Cognizant expects fourth-quarter 2025 revenues between $5.27 billion and $5.33 billion, indicating growth of 3.8%-4.8% and an increase of 2.5%-3.5% on a cc basis.

For 2025, revenues are expected to be in the range of $21.05-$21.10 billion, an increase of 6.6-6.9% on a reported basis and growth of 6%-6.3% on a cc basis.

Adjusted operating margin for 2025 is expected to be approximately 15.7% (an increase of 40 basis points).

Adjusted earnings per share for 2025 are expected to be between $5.22 and $5.26.

Recent News

On Dec 16, Cognizant announced a five-year agreement to manage and modernize ERIKS' IT operations, aiming to boost efficiency and support their growth across Europe.

On Dec 11, Cognizant announced the opening of its India AI Lab and a Cognizant Moment Studio in Bengaluru, advancing its $1 billion generative AI investment and AI builder strategy.

On Dec 10, Cognizant announced a five-year collaboration with BayWa to manage core IT services, modernize infrastructure, and drive digital transformation using AI and automation.

On Dec 4, Cognizant announced an expanded Synapse initiative with a new goal to upskill two million people by 2030, doubling its commitment to empower the future workforce through enhanced learning resources, branded programs, and broader social impact efforts.

On Dec. 3, Cognizant announced an expanded AI-driven partnership with Merchants Fleet to modernize operations, enhance efficiency, and accelerate the company's transformation across sales, fleet operations, and customer service.

On Nov. 20, Cognizant announced its selection by CEPI to lead a multi-year digital transformation program encompassing a new HR and expense system, enhanced Salesforce platform support, and an enterprise architecture roadmap.

On Nov. 13, Cognizant announced a definitive agreement to acquire leading Azure services provider 3Cloud to significantly expand its Azure, data, and AI capabilities and strengthen its position as a strategic Microsoft partner.

On Nov. 4, Cognizant announced it is integrating Anthropic's Claude models and agentic tooling across its platforms to help enterprises accelerate AI adoption from pilot to production and achieve scaled business outcomes.

On Oct 28, Cognizant announced a breakthrough from its AI Lab, introducing a novel, efficiency-focused evolution strategies method for fine-tuning large language models, promising significantly reduced training costs and improved scalability compared to traditional reinforcement learning approaches.

On Oct. 27, Cognizant announced an expanded partnership with Rubrik to launch a global Business Resilience-as-a-Service (BRaaS) offering, helping enterprises accelerate recovery from cyber incidents and ransomware attacks through a subscription-based, pay-as-you-go model.

On Oct. 20, Cognizant partners with AP Pension to deliver BPO and RPA services, enhancing efficiency, capacity, and customer experience in Denmark.

On Oct. 17, Cognizant launched the Enterprise Vibe Coding Blueprint to help organizations adopt AI-assisted coding, fostering innovation, collaboration, and secure, scalable AI-first transformation across enterprises.

On Oct. 7, Cognizant partners with SmartestEnergy to provide 24/7 MXDR and SOC services, enhancing cybersecurity, compliance, and global operational resilience.

On Sept.15, Cognizant and the North Carolina Turnpike Authority partnered to modernize toll operations with an infrastructure-less, API-driven system. Integrating IoT and infotainment tech from partners like Volvo and Mastercard, the initiative aims to boost efficiency, enable real-time tolling, and revolutionize digital tolling across North Carolina's roadways.

On Sept. 2, Cognizant and Pearson formed a global strategic partnership to enhance AI-driven learning, support early and mid-career development, and build future-ready workforce skills. The collaboration will integrate generative and agentic AI, digital credentials, and immersive technologies to create innovative, scalable education and workforce solutions for global learners and organizations.

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On Aug. 29, Cognizant announced a major initiative to industrialize agentic AI by deploying 1,000 context engineers, powered by Workfabric AI's ContextFabric platform, to help enterprises align AI agents with organizational knowledge, workflows, and strategic goals.

On July 30, Cognizant launched its AI Training Data Services to help enterprises rapidly build, fine-tune, and deploy AI models using high-quality, multi-modal data aligned with enterprise-grade governance and oversight.

Cognizant also announced a partnership with WRITER to help global enterprises deploy secure, domain-specific AI agents for complex and regulated environments.

Cognizant launched the world's largest global vibe coding event with over 250,000 employees, aiming for a GUINNESS WORLD RECORDS title and marking a major milestone in its AI transformation journey.

On July 28, Cognizant announced an expanded strategic partnership with Lineage to elevate customer service through advanced technologies and AI-driven solutions in the cold chain industry.

On July 24, Cognizant announced that its AI Lab has been granted two new U.S. patents and a Gold Award for a research paper on "Realizing Human Expertise through AI" presented at GECCO (Genetic and Evolutionary Computation Conference) in Malaga, Spain. In 2025, the Lab has yielded two new U.S. Granted Patents, open-sourced a key AI development platform and earned a Gold Award from GECCO, bringing the AI Lab's U.S. patent total to 59 with 23 more patents pending.

On July 15, Cognizant announced a collaboration with SmartestEnergy, the energy company helping Britain's businesses navigate the energy transition, to transform its employee support services and enable scalable growth through a seamless omni-channel experience. The collaboration aims to bolster the renewable energy company's people-centred approach, elevating the employee experience and fostering operational efficiency by transforming first and second-line IT support functions of SmartestEnergy's internal helpdesk.

On July 15, Cognizant announced a new collaboration with Kramp, Europe's leading technical wholesaler of spare parts and accessories for agriculture, forest & landscaping industries, to transform its IT platform. The collaboration aims to implement a new Enterprise Resource Planning (ERP) solution that enhances operational efficiency, boosts customer experience and drives business growth by helping Kramp transition from legacy systems to a modern, data-driven, cost-effective ERP solution.

On July 10, Cognizant announced the launch of Agent Foundry, a new offering to help enterprises build, deploy and manage autonomous AI agents at scale. The platform-agnostic solution provides a framework with reusable assets and implementation services to integrate AI agents into existing enterprise systems while ensuring compliance with GDPR, HIPAA and EU AI Act standards

On June 30, Cognizant announced a multi-year extension of its partnership with Aker Solutions to modernize IT services using its Neuro platform, enhancing agility, security, and AI-driven efficiency in the energy sector.

On June 25, Cognizant expanded its partnership with Salesforce, launching new AI-powered customer and operations transformation services for Agentforce to accelerate enterprise adoption of autonomous agents.

On June 18, Cognizant, in partnership with Google Cloud, launched Cognizant Autonomous Customer Engagement which is an AI-led contact center solution designed to deliver hyper-personalized, omnichannel customer experiences with enhanced efficiency and scalability.

On May 22, Cognizant open-sourced its Neuro AI Multi-Agent Accelerator, empowering researchers and developers to rapidly build, customize, and deploy intelligent agent networks across diverse use cases.

Cognizant also announced an expanded collaboration with Pegasystems to enhance its agentic AI services using Pega Blueprint, enabling rapid cloud transformation and AI-powered modernization for enterprise clients.

Valuation

Cognizant shares are down 4.9% in the past six-month period and 3.7% over the trailing 12-month period. Stocks in the Zacks sub-industry is down 10.2% while in the Zacks Computer & Technology sector, stocks are up 21.2% in the past six-month period. Over the past year, the Zacks sub-industry has been down 20% while the sector is up 20%.

The S&P 500 index is up 15.5% in the past six-month period and up 14.5% in the past year.

The stock is currently trading at 15.06X forward 12-month earnings, which compares to 25.11X for the Zacks sub-industry, 28.15X for the Zacks sector, and 23.35X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.5X and as low as 10.61X, with a 5-year median of 15.41X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $88 price target reflects 15.81X forward 12-month earnings.

The table below shows summary valuation data for CTSH

Valuation Multiples - CTSH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.06	25.11	28.15	23.35
	5-Year High	22.5	39.69	29.92	23.78
	5-Year Low	10.61	24.04	18.7	15.73
	5-Year Median	15.41	29.14	26.61	21.22
EV/Sales TTM	Current	1.86	17.85	8.05	5.72
	5-Year High	2.53	27.18	8.37	5.81
	5-Year Low	1.27	14.21	4.17	3.77
	5-Year Median	1.84	18.88	6.91	5.12
EV/EBITDA TTM	Current	9.12	86.11	19.35	18.58
	5-Year High	14.06	115.05	23.68	22.41
	5-Year Low	6.86	70.62	12.03	13.88

5-Year Median	10.21	92.2	18.35	17.97	

Industry Analysis[1] Zacks Industry Rank: Top 44% (108 out of 244)

Top Peers [1]

Company (Ticker)	Rec	Rank
Accenture PLC **(ACN)**	Neutral	3
Guidewire Software, ..**.(GWRE)**	Neutral	3
American Noble Gas I...**(INFY)**	Neutral	3
MSCI Inc **(MSCI)**	Neutral	4
ePlus inc. **(PLUS)**	Neutral	3
TD SYNNEX Corporatio…**(SNX)**	Neutral	4
Tyler Technologies, …**(TYL)**	Neutral	2
Wipro Limited **(WIT)**	Neutral	3

Industry Comparison[1] Industry: Computers - It Services / Industry Peers

	CTSH	X Industry	S&P 500	ACN	INFY	WIT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	B	C	D
Market Cap	41.40 B	2.23 B	40.73 B	173.49 B	74.78 B	30.47 B
# of Analysts	5	4	22	7	6	3
Dividend Yield	1.45%	0.00%	1.37%	2.31%	2.45%	3.49%
Value Score	B	-	-	C	C	C
Cash/Price	0.06	0.11	0.04	0.06	0.07	0.19
EV/EBITDA	11.20	9.95	15.01	13.05	13.91	9.63
PEG Ratio	1.64	1.51	2.04	2.72	2.98	17.62
Price/Book (P/B)	2.78	3.02	3.44	5.43	6.40	3.14
Price/Cash Flow (P/CF)	14.63	16.17	15.54	17.24	20.06	16.17
P/E (F1)	16.34	17.82	18.81	20.36	22.64	20.79
Price/Sales (P/S)	1.98	2.45	3.07	2.45	3.80	2.94
Earnings Yield	6.53%	4.93%	5.30%	4.91%	4.43%	4.81%
Debt/Equity	0.04	0.05	0.57	0.16	0.00	0.00
Cash Flow ($/share)	5.86	1.01	8.98	16.35	0.90	0.18
Growth Score	B	-	-	B	B	D
Hist. EPS Growth (3-5 yrs)	7.67%	6.86%	8.24%	9.99%	5.22%	1.75%
Proj. EPS Growth (F1/F0)	10.53%	10.01%	9.21%	7.04%	5.26%	0.00%
Curr. Cash Flow Growth	1.70%	1.70%	7.00%	10.28%	-0.13%	8.03%
Hist. Cash Flow Growth (3-5 yrs)	1.00%	8.59%	7.49%	10.01%	6.36%	3.77%
Current Ratio	2.36	1.62	1.19	1.41	2.28	2.26
Debt/Capital	3.57%	12.95%	38.14%	13.62%	0.00%	0.00%
Net Margin	10.20%	3.35%	12.77%	10.76%	16.58%	15.06%
Return on Equity	17.00%	8.34%	17.03%	26.65%	29.40%	15.80%
Sales/Assets	1.04	0.90	0.53	1.12	1.14	0.69
Proj. Sales Growth (F1/F0)	6.70%	5.98%	5.30%	6.10%	3.90%	-1.80%
Momentum Score	D	-	-	B	C	D
Daily Price Chg	1.97%	0.32%	0.01%	2.86%	-1.04%	-0.68%
1 Week Price Chg	-5.01%	-1.72%	1.11%	-4.11%	-3.41%	0.00%
4 Week Price Chg	2.33%	0.55%	0.30%	4.23%	1.35%	2.83%
12 Week Price Chg	31.01%	-9.67%	4.41%	20.43%	12.26%	8.99%
52 Week Price Chg	12.83%	-14.90%	16.95%	-21.22%	-20.81%	-17.09%
20 Day Average Volume	4,230,692	804,514	2,445,854	3,519,079	16,061,666	6,425,727
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.54%	0.00%	0.00%
(F1) EPS Est 12 week change	1.75%	0.34%	0.47%	0.24%	2.70%	0.00%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-2.99%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	B
Momentum Score	D
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures