Vertex Pharmaceuticals (VRTX)

$267.15 (As of 08/13/20)

Price Target (6-12 Months): **$281.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/30/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: C | Growth: A | Momentum: A	

Summary

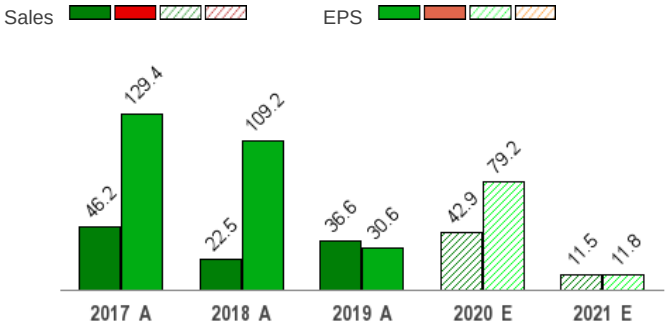
Vertex beat estimates for Q2 earnings and sales. Vertex's sales in 2020 are being driven by rapid uptake of Trikafta and higher international revenues due to reimbursement arrangements in key ex-U.S. countries. Trikafta's early approval and launch was a significant milestone for Vertex. Trikafta is crucial for Vertex's long-term growth as it has the potential to treat up to 90% of CF patients. Meanwhile, Vertex's non-CF pipeline is progressing rapidly with data in multiple diseases expected in 2020. Business development is also a priority and Vertex has collaborations with several companies. However, competitive pressure is rising in the CF market. Also, Vertex's dependence on just the CF franchise for commercial revenues is a concern. The stock has outperformed the industry this year so far.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$306.08 - $165.23**
20 Day Average Volume (sh)	**1,365,751**
Market Cap	**$69.6 B**
YTD Price Change	**22.0%**
Beta	**0.88**
Dividend / Div Yld	**$0.00 / 0.0%**
Industry	**Medical - Biomedical and Genetics**
Zacks Industry Rank	**Bottom 34% (167 out of 252)**
Last EPS Surprise	**22.5%**
Last Sales Surprise	**8.5%**
EPS F1 Est- 4 week change	**12.0%**
Expected Report Date	**11/04/2020**
Earnings ESP	**0.0%**
P/E TTM	**33.0**
P/E F1	**28.0**
PEG F1	**1.0**
P/S TTM	**12.9**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	1,582 E	1,618 E	1,648 E	1,686 E	6,628 E
2020	1,515 A	1,524 A	1,453 E	1,452 E	5,947 E
2019	858 A	941 A	950 A	1,413 A	4,163 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$2.52 E	$2.54 E	$2.55 E	$2.62 E	$10.68 E
2020	$2.56 A	$2.61 A	$2.29 E	$2.23 E	$9.55 E
2019	$1.14 A	$1.26 A	$1.23 A	$1.70 A	$5.33 A

*Quarterly figures may not add up to annual.

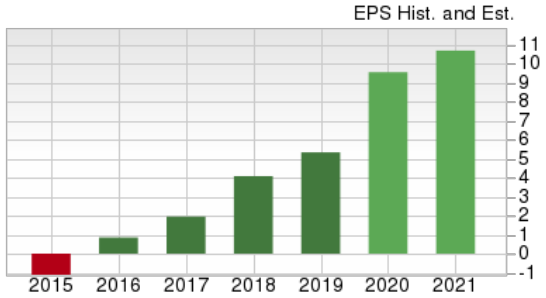
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/13/2020. The reports text is as of 08/14/2020.

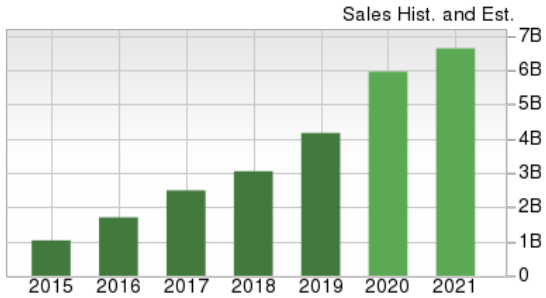
Overview

Boston, MA-based Vertex Pharmaceuticals Incorporated is focused on the discovery, development, and commercialization of small molecule drugs targeting serious diseases. The company's main area of focus is cystic fibrosis (CF).

The company's lead marketed products are Trikafta (elexacaftor/tezacaftor/ivacaftor and ivacaftor), Symdeko/Symkevi (tezacaftor in combination with ivacaftor), Orkambi (lumacaftor in combination with ivacaftor) and Kalydeco (ivacaftor), which are collectively approved to treat around 60% of the 75,000 CF patients in North America, Europe and Australia. Trikafta, Vertex's triple combination regimen, was approved by the FDA in October 2019 for the treatment of CF in people aged 12 years and older who have at least one F508del mutation. It is under review in Europe (to be called Kaftrio after approval) and is also being evaluated in younger patients in the United States. With approval of Trikafta, Vertex can address a significantly larger CF patient population — almost 90% of patients with CF — in the future.

Symdeko was approved by the FDA in February 2018 to treat CF patients homozygous for the F508del mutation or with at least one mutation that is responsive to tezacaftor/ivacaftor. Symkevi (brand name of Symdeko in EU) was approved in the European Union in November 2018.





While CF remains the main area of focus, Vertex is also developing treatments for sickle cell disease, thalassemia and pain management.

Pimodivir/VX-787, for the treatment of influenza, was out-licensed to Janssen in 2014 while oncology candidates VX-970, VX-984 and VX-803 were divested to Merck KGaA in 2017.

The company recorded total revenues of $4.16 billion in 2019, up 37%. Orkambi accounted for 29.4% of the company's total product revenues, Kalydeco accounted for 24.7%, Symdeko accounted for 35.4% and Trikafta comprised 10.5% of the same.

Reasons To Buy:

> The rapid approval of Vertex's triple combo CF pill, Trikafta, was a big boost. Reimbursement approval in England for its CF drugs removed a key overhang.

▲ **Shares Outperforming Industry:** This year so far, Vertex's shares have risen 22% against an increase of 3.9% for the industry.

▲ **Consistent Rise in CF Product Sales:** Consistent positive regulatory approvals have led to an increase in the eligible patient population for Vertex's approved medicines in the past 2-3 years. In 2019 alone, Vertex received nine new regulatory approvals or label expansions for its CF medicines globally. Also, in 2019, Vertex reached a number of key reimbursement agreements in important ex-U.S. countries like England and France, which expanded access to its CF medicines. With consistent expansion in patient population, Vertex's CF product revenues rose 29% in 2017, 40% in 2018 and 32% in 2019. With the approval of Trikafta, approximately 45,000 patients worldwide are now eligible to be treated with one of Vertex's four CF medicines. Vertex's revenue growth in 2020 is primarily being driven by the uptake of Trikafta as well as higher international revenues due to additional ex-U.S. reimbursement arrangements.

▲ **Strong CF Portfolio:** The CF market represents huge commercial potential. It is a rare, life-threatening disease estimated to affect about 75,000 people in North America, Europe and Australia. Vertex enjoys a strong position in this market, being the first company to successfully develop a drug (Kalydeco) that treats the underlying cause of CF.

Symdeko generated sales of $1.4 billion in 2019. In June 2019, Vertex gained FDA approval for Symdeko in eligible patients as young as six years of age. This label expansion coupled with launch of Symkevi in additional European countries further boosted sales.

Trikafta's early approval and launch in the United States was the most significant milestone for Vertex. In the EU, a regulatory application for Trikafta is under review with approval expected in 2020 which will add access to another 10,000 eligible patients. Meanwhile, phase III studies are also ongoing to evaluate Trikafta in children aged 6 through 11. A sNDA seeking approval for the pediatric patient population is expected to be filed in the fourth quarter of 2020. Potential approval of Kaftrio in EU, reimbursement agreements for Kaftrio in EU countries, and approval for younger patient populations could bring additional Trikafta revenues in 2021.

Trikafta is crucial for Vertex's long-term growth as it has the potential to treat up to 90% of CF patients.

In 2017, Vertex bought Concert Pharmaceuticals' CF pipeline candidate, VX-561 (previously CTP-656). A phase II dose ranging study is ongoing to evaluate VX-561 to support potential phase III development of VX-561 in a once-daily triple combination regimen. Vertex has initiated another phase II study evaluating the next-generation corrector, VX-121, in combination with VX-561 and tezacaftor as a potential once-daily triple combination regimen.

▲ **Upside Potential from Non-CF Pipeline:** While Vertex's main focus is on the development and strengthening of its CF franchise, the company also has a rapidly advancing early-stage portfolio in five other specialty disease areas like pain, alpha-1 antitrypsin deficiency (AAT), sickle cell disease, beta-thalassemia and APOL1-mediated kidney diseases.

Vertex is co-developing a gene editing treatment, CTX001 in partnership with CRISPR Therapeutics in two devastating diseases — sickle cell disease and thalassemia. Phase I/II studies of CTX001 in adult transfusion-dependent b-thalassemia in Europe and sickle cell disease in the United States are ongoing. First safety and efficacy data from the studies were positive with additional data released in June 2020. In June 2019, Vertex announced expansion of its collaboration with CRISPR Therapeutics and acquisition of privately held Exonics Therapeutics to boost its gene editing capabilities to develop novel therapies for Duchenne muscular dystrophy ("DMD") and Myotonic dystrophy type 1 (DM1).

Also, Vertex's first oral small molecule corrector, VX-814, is being evaluated in a phase II study for the treatment of AAT while a phase II study on the second small molecule corrector for the AATD program, VX-864 was initiated in July. Both VX-814 and VX-864 have received Fast-Track Designation from the FDA. Data from the VX-814 study is expected in late 2020/early 2021. Enrollment is underway in a phase II study on VX-147, its first oral small molecule medicine in APOL1-mediated focal segmental glomerulosclerosis (FSGS). Data from the study is expected in 2021.

In pain, Vertex demonstrated proof-of-concept across multiple phase II studies of NaV1.8 inhibitor, VX-150, in acute, neuropathic and musculoskeletal pain conditions.

Vertex is also looking for early stage companies and products or intellectual property acquisitions that could help it broaden its pipeline beyond CF.

▲ **Collaborations Broadening Pipeline:** Vertex's success in CF has given it the financial strength to invest in both internal and external innovation. Vertex has entered into multiple agreements in the past couple of years to provide it with access to new external scientific technologies, programs and expertise in multiple diseases to complement its internal pipeline. It has such collaborations with CRISPR Therapeutics, Affinia Therapeutics Arbor Biotechnologies, Kymera Therapeutics, among others. Vertex also owns equity investment in CRISPR. Vertex plans to pursue more business development transactions to bolster its pipeline for serious diseases with multiple modalities and technologies.

In October 2019, Vertex acquired Semma Therapeutics to develop a cellular therapy that both alone and in combination with an implantable device has the potential to cure type I diabetes. Clinical studies are expected to be initiated in late 2020 or early 2021. In 2019, Vertex invested approximately $1.6 billion in cash in external innovation through new acquisitions and collaborations.

▲ **Favorable Debt Profile:** As of Jun 30, 2020, Vertex had $52 million in long-term debt on its balance sheet. Cash and cash equivalents totaled approximately $5.45 billion. Its cash position is sound and the company is more than sufficient to pay the debt in case of insolvency. Its debt/capital ratio was 6.5 at the end of March 2020, lower than 7.6 at the end of March 2020. A lower ratio indicates lower financial risk. Meanwhile, its times interest earned ratio stands at 40.3, higher than 31 at the end of June 2020. A higher ratio indicates that the company is capable of meeting its interest obligations from operating earnings.

Reasons To Sell:

> Vertex's dependence on just the CF franchise for growth is concerning. Moreover, several other companies are working on bringing their CF products to market.

- **Trikafta Launch Cannibalizing Sales of Other Drugs:** A large proportion of U.S. patients currently on Kalydeco, Orkambi or Symdeko are switching to Trikafta (where the indications are overlapping), which is eroding sales of the older drugs. We expect that once Trikafta is fully launched in the United States and EU and gains necessarily reimbursement approvals in EU, there will be a rapid erosion of existing combinations.

  Also, even if Trikafta is eventually approved in EU in 2020, Vertex would need to seek government reimbursement on a country-by-country basis, in most European markets, which is a time consuming process and may limit ex-U.S. revenues of the drug. Also, if approved, Vertex will have a virtual launch for Kaftrio in the peak of the pandemic, which creates uncertainty about the actual rate and level of uptake in Europe

- **Competing Therapies in Development:** Several companies like AbbVie, Eloxx Pharmaceuticals, Translate Bio and Proteostasis Therapeutics are developing medicines to treat CF. Even though Vertex enjoys a strong position in this market, the entry of additional competition would cut into revenues.

- **Banking on CF Franchise:** Although we are positive on Vertex's decision to focus on the CF franchise, we remain concerned about the company's dependence on just this franchise for growth. While the company does have other pipeline candidates targeting other therapeutic areas, it is too early to get excited about them.

- **Pipeline/Regulatory Setbacks:** Vertex has several studies ongoing with its CF product candidates and any negative development on the pipeline/regulatory front will have an adverse impact on shares. In October 2017, Vertex announced that it will not file regulatory applications for VX-661 - ivacaftor combination in CF patients with one copy of the F508del mutation and one copy of a gating mutation, as a phase III study evaluating VX-661 — ivacaftor use in such patients failed to meet the primary endpoint.

  In October 2018, Vertex discontinued development of VX-210 (acute cervical spinal cord injuries) due to futility.

Last Earnings Report

Vertex Q2 Earnings & Sales Beat, Revenue Guidance Up

Quarter Ending	06/2020
Report Date	Jul 30, 2020
Sales Surprise	8.47%
EPS Surprise	22.54%
Quarterly EPS	2.61
Annual EPS (TTM)	8.10

Vertex's second-quarter 2020 earnings per share of $2.61 beat the Zacks Consensus Estimate of $2.13. Moreover, earnings skyrocketed 107.1% year over year. Strong product revenues led to higher earnings in the reported quarter.

Revenues of $1.52 billion also surpassed the Zacks Consensus Estimate of $1.41 billion. Vertex's second-quarter sales comprised only CF product revenues. The company did not record any collaborative and royalty revenues during the reported quarter. Total revenues soared 62% year over year, driven by the rapid uptake of Trikafta in the United States. Moreover, higher international revenues due to the reimbursement approvals received for Orkambi and Symkevi in some international markets in 2019 also drove revenues.

CF Franchise Sales Strong

Trikafta generated sales worth $918 million, compared with $895 million in the first quarter of 2020. The drug has seen solid uptake in the United States since its early launch and has been a key growth driver for Vertex's growth

Regarding Trikafta's launch, the company said that majority of the approximately 18,000 eligible patients have now initiated treatment with the medicine. The company said that the compliance and persistence rates and patient inventory levels for Trikafta seen to date with the launch are high.

First-half sales of Trikafta benefited from some early refills by patients due to COVID-19 disruptions. This increased patient inventory will normalize in the second half of the year. Meanwhile, the pace of new patient initiations of Trikafta might slow in the second half as a high percentage of currently eligible patients are already on Trikafta. These factors could result in slower growth of Trikafta in the second half.

Management said that if approved, they will launch the drug virtually in Europe in the peak of the pandemic. This may hurt initial uptake of the drug as patients may not be able to see their doctors for treatment initiation. Therefore there is uncertainty about actual rate and level of uptake in Europe

Symdeko/ Symkevi registered sales of $172 million in the second quarter, down 52.5% year over year.

Kalydeco recorded sales of $203 million in the quarter, reflecting a 22.5% decrease year over year. Orkambi generated sales of $232 million in the reported quarter, down 26.6% year over year. Sales of Kalydeco, Symdeko/ Symkevi and Orkambi were hurt by patient switching to Trikafta.

Costs Rise

Adjusted operating income rose 112% to $874 million in the quarter driven by higher revenues and disciplined spending.

Adjusted research and development (R&D) expenses rose 18.5% to $321 million in the second quarter due to expansion of CF and non-CF pipeline.

Adjusted selling, general and administrative (SG&A) expenses increased 18.7% to $146 million in the reported quarter due to investments made to support CF patients' treatment, globally.

2020 Outlook

Vertex raised its revenue guidance for the year primarily based on Trikafta's continued strong performance in the quarter.

The company now expects total revenues from CF products in the range of $5.7-$5.9 billion compared with the previous range of $5.3-$5.6 billion. The new guidance, at the midpoint, reflects approximately 45% growth over 2019.

Moreover, combined adjusted R&D and SG&A expense guidance for 2020 was maintained in the band of $1.95-$2 billion, which is higher than the 2019 level due to Trikafta launch-related costs and the expansion of the R&D pipeline. Adjusted tax rate is expected in the range of 21%-22%.

Enrollment and dosing have been re-initiated in a phase II study on VX-814 in some sites in AATD after they were paused due to COVID-19 in the first quarter.

Recent News

Post Marketing Study on Trikafta Meets Endpoints – Jul 20

Vertex announced data from a post marketing study evaluating Trikafta in people (ages 12 and older) with cystic fibrosis who have one copy of the F508del mutation and one gating or residual function mutation. The study met its primary endpoint and all secondary endpoints. The primary endpoint of the study was mean absolute within-group change in percent predicted forced expiratory volume in 1 second (ppFEV1) from baseline through 8 weeks of treatment. Data from the study demonstrated a statistically significant 3.7 percentage point improvement in ppFEV1 was achieved in patients given Trikafta compared to their baseline after a 4-week run-in of treatment on ivacaftor or tezacaftor/ivacaftor. The results of the study will be submitted to the FDA.

Expansion of Reimbursement Agreement in England to Include Kaftrio – June 30

Vertex announced that the NHS England has expanded its reimbursement agreement in England to include Kaftrio in combination with Kalydeco, if approved by the European Commission.

Triple Combo Cystic Fibrosis Pill Gets CHMP Backing – June 28

Vertex announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency's (EMA) has given a positive opinion recommending approval for its triple combination cystic fibrosis regimen, Kaftrio.

Vertex is seeking approval in Europe for Kaftrio ((ivacaftor/tezacaftor/elexacaftor) in combination with Kalydeco (ivacaftor) to treat cystic fibrosis in patients aged 12 and older with one F508del mutation and one minimal function mutation (F/MF) or two F508del mutations (F/F) in their CFTR gene. Though the European Commission is not bound by the opinion of the CHMP, it usually seconds CHMP recommendations in its final decision for approval in Europe.

If approved in the EU, about 10,000 new patients with one minimal function mutation and one F508del mutation will be eligible to be treated with Kaftrio. Additionally, patients who have two F508del mutations and are presently eligible to be treated with one of Vertex's other medicines —Kalydeco, Orkambi or Symdeko—will also be eligible for Kaftrio.

Valuation

Vertex's shares are up 22.0% in the year-to-date period and 47.5% over the trailing 12-month period Stocks in the Zacks sub-industry and sector are up 3.9% and 1.4%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry and sector are up 18.6% and 10.9%, respectively

The S&P 500 Index is up 4.8% in the year-to-date period and 18.7% in the past year.

The stock is currently trading at 13.03X trailing 12-month sales per share, which compares to 3.41X for the Zacks sub-industry, 3.11X for the Zacks sector and 3.79X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 54.23X and as low as 10.62X, with a 5-year median of 15.66. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $281.0 price target reflects 13.7X trailing 12-month sales per share.

The table below shows summary valuation data for VRTX

Valuation Multiples - VRTX

		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	13.03	3.41	3.11	3.79
	5-Year High	54.23	4.98	3.99	3.79
	5-Year Low	10.62	2.24	2.29	2.43
	5-Year Median	15.66	3.21	3.18	3.21
P/B TTM	Current	9.25	2.87	4.42	4.71
	5-Year High	32.98	6.01	5.07	4.71
	5-Year Low	8.16	2.06	2.94	2.83
	5-Year Median	16.64	3.87	4.3	3.74

As of 8/13/2020

Industry Analysis **Zacks Industry Rank:** Bottom 34% (167 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
ProQR Therapeutics N.V. **(PRQR)**	Outperform	2
AbbVie Inc. **(ABBV)**	Neutral	3
Senesco Technologies Inc. **(ELOX)**	Neutral	3
MerckCo., Inc. **(MRK)**	Neutral	3
Novartis AG **(NVS)**	Neutral	3
Pfizer Inc. **(PFE)**	Neutral	3
Proteostasis Therapeutics, Inc. **(PTI)**	Neutral	2
Translate Bio, Inc. **(TBIO)**	Neutral	3

Industry Comparison Industry: Medical - Biomedical And Genetics

	VRTX	X Industry	S&P 500	ABBV	PRQR	PTI
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	2
VGM Score	A	-	-	B	F	F
Market Cap	69.58 B	275.98 M	23.58 B	167.09 B	261.17 M	72.00 M
# of Analysts	12	3	14	6	3	3
Dividend Yield	0.00%	0.00%	1.68%	4.99%	0.00%	0.00%
Value Score	C	-	-	A	F	F
Cash/Price	0.08	0.22	0.07	0.04	0.37	0.68
EV/EBITDA	41.44	-3.96	13.34	20.34	-2.79	-0.59
PEG Ratio	0.97	1.93	2.99	1.52	NA	NA
Price/Book (P/B)	9.25	4.03	3.20	11.34	2.98	1.60
Price/Cash Flow (P/CF)	56.06	17.28	12.83	9.16	NA	NA
P/E (F1)	27.97	25.36	21.99	9.05	NA	NA
Price/Sales (P/S)	12.88	15.40	2.53	4.61	NA	NA
Earnings Yield	3.57%	-13.46%	4.35%	11.05%	-23.81%	-52.90%
Debt/Equity	0.07	0.01	0.77	5.57	0.06	0.25
Cash Flow ($/share)	4.77	-1.07	6.94	10.33	-1.23	-1.15
Growth Score	A	-	-	C	D	F
Hist. EPS Growth (3-5 yrs)	183.54%	17.80%	10.41%	21.34%	NA	NA
Proj. EPS Growth (F1/F0)	79.08%	16.33%	-6.32%	16.98%	19.35%	36.78%
Curr. Cash Flow Growth	52.02%	14.65%	5.20%	8.78%	43.79%	-3.01%
Hist. Cash Flow Growth (3-5 yrs)	31.70%	7.73%	8.55%	19.92%	NA	NA
Current Ratio	3.72	5.77	1.33	0.86	10.09	6.69
Debt/Capital	6.49%	3.30%	44.59%	84.78%	5.80%	20.28%
Net Margin	38.51%	-199.98%	10.13%	19.20%	NA	NA
Return on Equity	28.55%	-60.52%	14.51%	-628.57%	-64.57%	-75.39%
Sales/Assets	0.62	0.19	0.51	0.37	NA	NA
Proj. Sales Growth (F1/F0)	42.86%	2.26%	-1.43%	36.69%	126.24%	-66.80%
Momentum Score	A	-	-	D	B	A
Daily Price Chg	-1.37%	0.00%	-0.44%	-0.87%	-1.32%	2.22%
1 Week Price Chg	0.36%	3.55%	2.30%	-2.10%	2.13%	-6.80%
4 Week Price Chg	-8.06%	-1.70%	4.38%	-5.24%	5.00%	-2.13%
12 Week Price Chg	-6.14%	3.35%	13.59%	1.78%	-3.67%	-17.37%
52 Week Price Chg	47.50%	13.28%	5.75%	50.33%	-36.05%	119.05%
20 Day Average Volume	1,365,751	352,563	1,984,154	6,748,088	162,534	1,153,863
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	9.42%	19.71%
(F1) EPS Est 4 week change	11.98%	0.00%	2.08%	0.02%	9.42%	19.71%
(F1) EPS Est 12 week change	10.61%	1.44%	2.66%	-1.71%	10.07%	29.26%
(Q1) EPS Est Mthly Chg	9.57%	0.00%	0.94%	1.73%	20.59%	22.92%

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	C
Growth Score	A
Momentum Score	A
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.

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