



WisdomTree Now Licensing Our Core Earnings Data for Its Earnings-Focused Funds

Click [here for press release](#).

Market-leading ETF manager WisdomTree is now using our proprietary [core earnings](#) data to rebalance and weight constituents in WisdomTree's [Domestic Core Indexes](#), which have a combined \$2.5 billion in assets.

Our CEO David Trainer commented, "We are thrilled WisdomTree has collaborated with us to further democratize access to differentiated investment products based on superior data. No other firms can match the diligence of our [earnings distortion](#) research because no other firms have the technology to handle the complexity of footnotes. New Constructs adjusts earnings so investors can see true profits free of creative accounting and reporting."

WisdomTree's Global Head of Research Jeremy Schwartz commented, "WisdomTree was a pioneer in fundamentally weighted indexing and launched an earnings weighted ETF family in 2007. We believe New Constructs earnings data will be value-added to these earnings weighted strategies by providing a cleaner measure of corporate profits."

New Constructs technology brings critical and material footnotes research to the market for the first time ever, enabling analysts to measure and predict earnings more accurately and generate more alpha. The [Earnings Distortion Scorecard](#) captures all the proprietary adjustments featured in the [recent Harvard Business School and MIT Sloan paper](#) and provides daily updates to registered users of the system.

About WisdomTree

WisdomTree Investments, Inc., through its subsidiaries in the U.S., Europe and Canada (collectively, "WisdomTree"), is an exchange-traded fund ("ETF") and exchange-traded product ("ETP") sponsor and asset manager headquartered in New York. WisdomTree offers products covering equities, fixed income, currencies, commodities and alternative strategies. WisdomTree currently has approximately \$61.5 billion in assets under management globally. For more information, please visit www.wisdomtree.com or follow us on Twitter @WisdomTreeETFs. WisdomTree® is the marketing name for WisdomTree Investments, Inc. and its subsidiaries worldwide.

About New Constructs

New Constructs provides insights into the fundamentals and valuation of private and public businesses. Combining human expertise with natural language processing (NLP), machine learning (ML) and artificial intelligence (AI) technologies, the firm's research shines a light in the dark corners (e.g. footnotes) of hundreds of thousands of corporate financial filings to unearth critical details that drive uniquely comprehensive and independent debt and equity investment ratings, valuation models and research tools. New Constructs technology brings critical and material footnotes research to the market for the first time ever, enabling analysts to measure and predict profits more accurately and deliver more alpha for clients. Elite [money managers, advisors and institutions](#) have relied on New Constructs to lower risk and improve performance since 2004. New Constructs and its research have been featured in national business news including *CNBC*, *Wall Street Journal*, *Barron's*, *Forbes*, *Seeking Alpha*, *Benzinga* and more. Other strategic content [partnerships](#) with [TD Ameritrade](#), [E*TRADE](#), [Refinitiv/Thomson Reuters](#), [Interactive Brokers](#) and [EY](#) enable New Constructs to deliver our investment ratings and research on over 10,000 stocks, ETFs and mutual funds to millions of self-directed investors, financial advisors and corporate executives.

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Disclosure: David Trainer, Kyle Guske II, and Sam McBride receive no compensation to write about any specific stock, style, or theme.

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Footnotes adjustments matter. We are the ONLY source.

We provide ratings, models, reports & screeners on U.S. 3,000 stocks, 700 ETFs and 7,000 mutual funds.

[HBS & MIT Sloan research](#) reveals that:

- **Markets are inefficiently assessing earnings because no one reads the footnotes.**
- **Corporate managers hide gains/losses in footnotes to manage earnings.**
- **Our technology brings the material footnotes data to market for the first time ever.**

Combining human expertise with NLP/ML/AI technologies ([featured by Harvard Business School](#)), we shine a light in the dark corners (e.g. footnotes) of hundreds of thousands of financial filings to unearth critical details.

The HBS & MIT Sloan paper, [Core Earnings: New Data and Evidence](#), shows how our superior data drives uniquely comprehensive and independent debt and equity research.

This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.

Learn [more](#).

Quotes from HBS & MIT Sloan professors on our research:

Get better research:

“...the NC dataset provides a novel opportunity to study the properties of non-operating items disclosed in 10-Ks, and to examine the extent to which the market impounds their implications.” – page 20

Pick better stocks:

“Trading strategies that exploit cross-sectional differences in firms’ transitory earnings produce abnormal returns of 7-to-10% per year.” – Abstract

Avoid losses from using other firms’ data:

“...many of the income-statement-relevant quantitative disclosures collected by NC do not appear to be easily identifiable in Compustat...” – page 14

Build better models:

“Core Earnings [calculated using New Constructs’ novel dataset] provides predictive power for various measures of one-year-ahead performance...that is incremental to their current-period counterparts.” – page 4

Exploit market inefficiencies:

“These results ... suggest that the adjustments made by analysts and Compustat to better capture core earnings are incomplete. Moreover, the non-core items identified by NC produce a measure of core earnings that is incremental to alternative measures of operating performance in predicting an array of future income measures.” – page 26

Fulfill fiduciary duties:

“An appropriate measure of accounting performance for purposes of forecasting future performance requires detailed analysis of all quantitative performance disclosures detailed in the annual report, including those reported only in the footnotes and in the MD&A.” – page 33-34



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