



Where's Disney's "Other Income"?

We leverage our [Robo-Analyst](#) to comb through the 10-Q's and 10-K's, including the footnotes and MD&A, of the ~3,000 companies under coverage to ensure we provide the most [reliable fundamental data](#) to our clients. Through this diligence, we noticed something missing from The Walt Disney Company's (DIS) income statement in its fiscal 1Q21 10-Q: "Other Income."

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What Happened to Disney's "Other Income"?

While analyzing Disney's most recent 10-Q, analyst Alex Richmond found that Disney did not report any Other Income for the quarterly period ended January 2, 2021. In past filings, Disney reports "Other Income", which often includes non-cash gains and losses on investments, on its income statement. For example, Disney reported [\\$1 billion of Other Income](#) in its 2020 10-K, which included [\\$973 million](#) in non-cash gains on its investment in DraftKings.

In 1Q21, Disney recognized a \$186 million non-cash gain in its fuboTV investment and a \$186 million non-cash loss in its DraftKings investment. Quite a coincidence that these gains/losses perfectly offset, and Disney has no "Other Income" to report. See the disclosure on [page 30](#) of its fiscal 1Q21 10-Q.

How We Treat Non-Operating Items Such as "Other Income"

[Non-operating items](#), such as Disney's "Other Income," are why GAAP net income and analyst earnings don't tell the whole story of a company's profitability. We adjust for [all unusual items](#), both [hidden and reported](#), to calculate a more accurate measure of a firm's profitability.

Without such diligence, investors could make misinformed investment decisions.

Only our "novel dataset", which leverages our [Robo-Analyst](#) technology, enables investors to overcome flaws with legacy fundamental datasets to apply [reliable fundamental data](#) in their research. [Core Earnings: New Data & Evidence](#), accepted for publication by [The Journal of Financial Economics](#) also proves the superiority of our [fundamental data](#), [Core Earnings](#) models, and securities [research](#).

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Disclosure: David Trainer, Alex Richmond, Kyle Guske II, and Matt Shuler receive no compensation to write about any specific stock, sector, style, or theme.

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It's Official: We Offer the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. Legacy fundamental datasets suffer from significant inaccuracies, omissions and biases.
2. Only our “novel database” enables investors to overcome these flaws and apply [reliable](#) fundamental data in their research.
3. Our proprietary measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

Forthcoming in [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms’ data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by *S&P Global’s (SPGI) Adjustments* individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Indiana’s Kelley School of Business. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



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